Austria ... Sch 15	Italy ... L 1100	Portugal ... Esc 65
Bahrain ... Din 0.650	Japan ... Y550	S. Arabia ... Rls 6.00
Belgium ... BFr 35	Jordan ... Fils 500	Singapore ... S$ 4.10
Canada ... C$2.50	Kuwait ... Fils 500	Spain ... Pta 95
Denmark ... Dkr 7.00	Lebanon ... £L 6.00	Sri Lanka ... Rup 30
Egypt ... £E1.00	Luxembourg ... LFr 35	Sweden ... Skr 6.50
Finland ... Fmk 5.00	Malaysia ... Rgt 4.75	Switzerland ... SwFr 2
France ... FFr 5.00	Mexico ... Pes. 300	Taiwan ... NT $65
Germany ... DM 2.00	Morocco ... Dh 6.00	Tunisia ... Din 0.600
Greece ... Dr 60	Netherlands ... Fl 2.25	Turkey ... L 160
India ... Rup. 15	Norway ... Nkr 6.00	U.A.E. ... Dh 6.50
Indonesia ... Rp 2500	Philippines ... Pes 20	U.S.A. ... $1.50

ØØØ

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,075 Tuesday May 17 1983 D 8523 B

Britain's two-party system under challenge, Page 7

NEWS SUMMARY

GENERAL

Lebanon, Israel to sign pact on troops

The Israeli-Lebanese agreement on troop withdrawals from Lebanon is due to be signed today in ceremonies in the two countries.

The deal follows five months of talks and two weeks of shuttle diplomacy by U.S. Secretary of State George Shultz. It was approved unanimously by the 81 surviving members of Lebanon's 91-member parliament. Page 14

UK warns France

Britain gave a warning that French imports might be banned if violence continued towards "persons and property connected with UK exports" after reports that French farmers protesting at EEC price subsidies had burnt British lamb consignments and overturned a lorry.

Hijacker jumps

An Iranian Air Force corporal who hijacked an aircraft to Oman, but was refused permission to land, parachuted down to waiting police.

Anti-nuclear plans

European anti-nuclear campaigners drew up a list of civil disobedience measures to fight the deployment of U.S. missiles in Europe. Page 2

Ariane delayed again

Ariane, Europe's space rocket, has had its June 3 launch from French Guiana delayed a further two weeks for extra tests.

Democracy plea

South Korea's senior opposition leader Kim Young Sam, under house arrest, called for the restoration of democracy on the third anniversary of the Kwang-ju uprising. Page 4

Kenya plot denied

Kenyan Constitutional Affairs Minister Charles Njonjo dismissed accusations that he was being groomed by a foreign power to take over from President Daniel arap Moi. Page 4

Lava hits villages

Cooled lava from Indonesia's Galunggung volcano broke through dykes after being dislodged by rain and damaged or destroyed about 550 houses. No deaths were reported.

Nato boost urged

Nato should spend $20bn on strengthening its conventional forces, senior military experts said. Page 2

Whisky destroyed

More than 8,600 bottles of whisky and 2,400 bottles of beer were destroyed by bulldozer at a dump in Kuwait after imposition of tighter controls on alcohol.

Grave dispute

Paris gravediggers went on indefinite strike, demanding the same early retirement benefits as sewer workers.

Briefly...

Geneva talks on medium-range missiles resume today. Page 2

Polish student died in hospital two days after being interrogated by police.

Bandits in Zimbabwe's Matabeleland killed another white farmer. About 30 have died in a year.

American Tom Petranoff set a world record javelin throw of 99.72 metres.

Angolan President Jose Eduardo dos Santos arrived in Moscow for talks.

BUSINESS

Wall St hit by money figures

● **WALL STREET** share prices were hit by the larger than expected rise in the U.S. money supply figures, which dashed hopes of an early cut in the discount rate. The Dow Jones index closed down 15.77 at 1,202.98. Report, Page 23. Full share listings, Pages 24-26

● **LONDON:** FT Industrial Ordinary index slipped 0.6 to 671.1. Government securities were slightly easier. Page 23. FT Share Information Service, Page 28-29

● **TOKYO:** Nikkei Dow index fell 35.32 to 8,591.79. Stock Exchange index lost 1.62 to 629.12. Page 23. Leading prices, other exchanges, Page 26

● **DOLLAR** was firm, in reaction to Friday's U.S. money supply figures, and climbed to DM 2.4615 (DM 2.444), FFr 7.4125 (FFr 7.36), SwFr 2.043 (SwFr 2.024) and Y233.2 (Y231.9). Its trade-weighted index was 122.3 (121.8). In New York, it closed at DM 2.4625; SwFr 2.043; Y233.5 and FFr 7.413. Page 30

● **STERLING** fell 85 points to $1.5585 but improved to DM 3.84 (DM 3.8325), FFr 11.55 (FFr 11.5325), SwFr 3.1875 (SwFr 3.175) and Y363.75 (Y363.5). Its trade-weighted index was 83.8 (83.9). In New York, it closed at $5.610. Page 30

● **GOLD** fell $4 in London to $437.75. In Frankfurt it fell $4.5 to $436.5 and in Zurich $5 to $436.5. In New York, the Comex May settlement was $438.60 ($441.20). Page 27

● **NORWAY:** 47 companies set up Third World subsidiaries last year, attracted by cheap labour.

● **INDIA's** plans to offer offshore oil exploration licences to foreign companies have been postponed because of a glut in the market. Page 6

● **ABOUT** SwFr 800m ($394m) to SwFr 1bn is likely to be needed to finance the amalgamation announced last week of ASUAG and SSIH, Switzerland's two leading watch industry groups, it was confirmed yesterday.

● **AUSTRALIA** and Japan still have serious differences of opinion over iron ore prices. Talks resume this week. Page 6

● **U.S.** Telecommunications companies, including AT & T, cleared the final hurdle in the deregulation of the sale of telephone and telecommunications equipment. Page 5

● **EGYPT** is to receive two World Bank loans for a $800m steelmaking project.

● **UNILEVER,** the Anglo-Dutch conglomerate, reported first-quarter taxable profits 9 per cent lower at £163m ($255m). Page 17; Lex, Page 14

● **PETROFINA,** the Belgian oil group, is to increase capital expenditure this year and is on the lookout for acquisitions. Page 15

● **SEARS ROEBUCK,** the U.S. retail group, said it was considering buying deposit-taking institutions outside California to create a base for its financial network centres in stores. Page 15

● **CHRYSLER** won approval from the U.S. Federal Loan Guarantee Board to pay off about $400m of loans.

● **BANCA CATALANA** of Barcelona, which collapsed last year because of bad debts, expects to be told today of the decision on rival offers. Page 15

● **FINSIDER,** Italy's state steel company, reported lower losses of L436bn ($985m) last year compared with L2,131bn in 1981. Page 14

● **BARLOW RAND,** the South African industrial conglomerate, slipped by 8 per cent to profits of R102.1m ($94m) in the six months to March 31. Page 16

● **NISSAN** of Japan has invented a windscreen wiper that switches itself on when rain starts.

Paris loan to lift EEC borrowing to record $8.3bn

BY JOHN WYLES IN BRUSSELS

EUROPEAN COMMUNITY borrowings in world capital markets look likely to be the highest ever this year, after agreement by finance ministers yesterday to raise a 4bn European currency units ($3.7bn) loan to boost French foreign exchange reserves.

If the European Commission raises all the money before the end of the year, total Community borrowings might climb to a record 9bn Ecu ($8.3bn) in 1983.

That compares with average annual borrowings in recent years by the Commission and the European Investment Bank of around 5bn Ecu.

Although the French application for a loan under the so-called EEC "oil facility" received fairly prompt endorsement from the Council of Ministers yesterday, several ministers voiced anxieties about the possible impact on interest rates of such large cumulative Community borrowings.

The Commission's borrowing strategy in terms of timing and currencies has yet to be determined, but it will be put together with the help of the EEC's monetary committee, which could be seen as having the best available expert advice as its members are drawn from Community treasuries and central banks.

According to Herr Gerhard Stoltenberg, the West German Finance Minister and President of the Council, the bulk of the loan will be raised in non-Community currencies. Other sources suggest that means U.S. dollars.

Maturities, said Herr Stoltenberg, would average about six years, although France may seek a shorter pay-back period. He added that any proposed borrowings in Community currencies would be subject to consultations with the national authorities concerned.

Other ministers made no attempt to insist that their French colleague, M Jacques Delors, introduce further austerity measures to reduce French inflation.

Herr Stoltenberg expressed general satisfaction with the measures already undertaken, while Sir Geoffrey Howe, Britain's Chancellor of the Exchequer, could not resist bringing the Conservative Party's election campaign to Brussels.

Sir Geoffrey contrasted the deflation policies Paris had already imposed before applying for the loan with the austerity package forced on the British Labour Government in return for an International Monetary Fund loan in 1976.

The French were behaving in a "dignified and gentlemanly way," he said, but they were paying the price for trying to reflate their economy in 1981, and no government, then or now, had such room for manoeuvre.

M Delors, for his part, claimed that in applying for the loan Paris was saying "yes" to the "European choice" but "no to the Olympic Games of deflation without worrying about unemployment."

GROUP ACCOUNTS

EEC public companies organisad as groups will be required to produce consolidated accounts by 1990 under the Community'a seventh company law directive approved by finance ministers yesterday. Page 3

Labour stresses jobs over external issues

BY MARGARET VAN HATTEM AND PETER RIDDELL IN LONDON

THE BRITISH Labour Party is heavily concentrating upon unemployment and the state of the UK economy at the start of its general election campaign. Other issues such as nuclear disarmament, the European Community and the welfare state are for the time being put to one side.

Mr Michael Foot, the Labour leader, began a nationwide tour in Glasgow yesterday and he made clear where Labour sees its best chance of prising key marginal seats from the Conservatives.

The burden which unemployment places on the employed as well as the jobless and the waste of national resources were the main themes in Mr Foot's speeches and interviews and in his foreword to the party's manifesto – its election programme – which was published yesterday under the title "The New Hope for Britain."

The manifesto envisages a £7.5bn ($11.7bn) increase in public expenditure as a central feature of an emergency programme to stimulate the economy and halt the rise in unemployment. It would seek to create 2½m jobs in five years.

The increased public expenditure would be coupled with cuts of about £3.5bn in value-added tax and the employers' national insurance surcharge to provide an £11bn stimulus to the economy.

There would be a five-year national plan backed with a new investment bank, extended industrial powers and a new Department of Economic and Industrial Planning.

Immediate negotiations would begin to prepare for Britain's withdrawal from the EEC. The Trident missile programme would be cancelled, cruise missiles would not be deployed in the UK, and discussions would begin on the removal from Britain of nuclear bases.

The manifesto was strongly attacked by leaders of other parties. Mrs Margaret Thatcher, the Prime Minister, described the policy as "the most extreme that had ever been put before an electorate."

In an interview on television, she said Labour's programme "would change the whole basis of society. I think it is the choice between a society that is coerced and a society that is free under a rule of law."

The Conservatives' manifesto will be published tomorrow but the Prime Minister's official election campaign does not start until Friday. Mrs Thatcher said in the interview she "obviously" wanted to go the Williamsburg summit in 10 days' time and would have a meeting to decide today. The expectation is that she will go.

Mr David Steel, the Liberal leader, described the Labour manifesto as "a positive compendium of splendid aims and rotten means." More criticism came from Dr David Owen, deputy leader of the Social Democratic Party. He said the pledge to reflate was an £11bn blunder which would create national bankruptcy within months.

In his manifesto foreword, Mr Foot devotes little space to defence and nuclear disarmament, and does not mention EEC withdrawal. Virtually three quarters is devoted to unemployment and the economy.

Speaking in Glasgow, he said, "Labour means jobs, Labour means business. The great dominant issue in this campaign is how to get the jobs back for our people."

Details, Page 7; Editorial comment, Page 12

BRITAIN GOES TO THE POLLS — JUNE 9

An analysis of how the British electoral system works, published today on Page 7, opens the Financial Times' detailed coverage of the general election and its implications for Britain's allies and trading partners.

Grand Met profits leap 52%

BY DAVID DODWELL IN LONDON

GRAND METROPOLITAN, the UK-based hotel, drinks and leisure group, increased its pre-tax profits by 52 per cent from £74.8m to £113.6m ($177m) for the half-year to March 31.

Grand Met owns the worldwide Intercontinental Hotels chain, the Liggett and Myers Tobacco group in the U.S., UK brewing interests including Watney Mann, the Mecca chain of betting shops, casinos, dance halls and bingo clubs, and Express Dairies, which processes and distributes milk throughout Britain.

Mr Stanley Grinstead, chairman, attributed the improvement to exceptional events over the period and reported no evidence of economic recovery in Britain.

About £10 of the improvement in trading profits came from foreign exchange gains. About half of Grand Met's profits are generated outside Britain – particularly in the U.S. – and sterling's weakness against the dollar greatly enhanced profits expressed in sterling.

This was reflected in a 46 per cent rise to £43.7m in the group's U.S. consumer products division. A second fillip in the U.S. was a doubling of the federal duty on cigarettes in January. A surge in sales as smokers stockpiled cigarettes ahead of the tax increase benefited Grand Met, as did a shift by smokers to cheaper generic cigarettes – where Grand Met has a virtual monopoly.

Another boost came from a £13.5m fall in the group's interest bill as a result of a general fall in interest rates, and lower borrowings following a £125m rights issue in June last year.

One area which remains unsatisfactory is the Intercontinental hotels chain, bought for almost £500m in 1981 from PanAm. Hotel profits slipped from £7.4m to £6.4m.

Details, Page 17; Lex, Page 14; London market report, Page 23

Brazil's debt rescue in jeopardy

By William Hall in New York and Alan Friedman in London

BRAZIL'S key adviser banks met in New York yesterday as evidence mounted that a vital element of the multi-billion dollar rescue package – the restoration of $1.5bn of interbank credits – was not going to succeed in its present form.

While Dr Carlos Langoni, Brazil's central bank governor, held talks with senior U.S. Treasury officials in Washington, the commercial bank advisers were considering the possibility of creating a short-term loan of $1.5bn in place of the request that creditor banks restore this amount of interbank lines.

Interbank lines are very short-term deposits which banks place with each other and which are a vital source of liquidity for Brazil, which has a foreign debt burden of almost $90bn.

It is now understood that more than 200 of the 455 banks which had significant interbank lines out to Brazil in 1982 have refused to co-operate with the request to restore such lines to Brazilian banks. Among the least co-operative banks are several U.S. regional banks, as well as some West German and Swiss banks, according to senior bankers involved in the package.

The idea of changing "Project Four" (the interbank portion) of the Brazilian rescue package into a committed loan facility is seen as a last-ditch attempt to salvage this crucial part of the rescue.

Several weeks ago an international campaign to restore the interbank credits was launched, but met with only partial success.

Then over the weekend it emerged that Brazil might agree to have banks pay the interbank deposits directly into its central bank, but this also does not appear to be attracting recalcitrant banks.

In Washington, where Dr Langoni was holding talks with U.S. Treasury Department officials before his discussions with the International Monetary Fund (IMF), it was learned that among the options under consideration is additional debt rescheduling for Brazil. A total of $4.6bn of 1983 maturities have already been rescheduled.

But U.S. Government aid to Brazil was described as "a tough one" by a senior official. "There is no way the United States will

Continued on Page 14

U.S. threatens technology transfer ban

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

EUROPEAN GOVERNMENTS must accept stricter U.S. controls on their onward exports of American high technology to the Soviet Union or face the prospect of a cut-off of such technology from the U.S., a senior member of the Reagan Administration threatened yesterday.

Mr Richard Perle, Assistant Defence Secretary for International Security Policy, stepped into the mounting transatlantic row over U.S. attempts to impose "extra-territorial" controls on U.S. companies in Europe, and their subsidiaries and licensees, with a tough warning that Washington had every right to take such action in its own national security interests.

If European countries were not "more discriminating" in their onward transfer of American technology to the East bloc, they would force the Administration not to let such technology leave the U.S. in the first place, Mr Perle told a Washington seminar. That would have a much more profound effect on trade allowing the U.S. to control onward exports "in rare instances," Mr Perle said.

Mr Perle's threat comes at a time when the European Community and its member-government are vigorously protesting against the Reagan Administration's efforts to renew and reinforce the U.S. Export Administration Act, which expires on September 30. In addition to exercising the right to retrospective extra-territorial controls on Europe-based companies, the Reagan Administration wants the power to ban imports into the U.S. from companies that violate such controls.

The argument, similar to last year's row over the Siberian natural gas pipeline to Western Europe, has injected a bitter note into preparations for the seven-nation Williamsburg summit at the end of next week, and could well surface divisively at the summit itself. While Mr Perle's tough line reflects thinking in the Pentagon, and other areas in the Administrotion, the more pro-European State Department will almost certainly try to tone it down before Williamsburg.

Mr Perle said that it was a very dangerous notion that technology exports should be beyond U.S. control once they left the shores of the U.S. If the European governments felt that national security controls such as the projected import bans were inadmissible, then it was obvious that there would have to be

Continued on Page 14

Reagan refuses to budge on tax rises

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan declared yesterday that U.S. budget deficits were "one of the most alarming dangers facing our republic," but again rejected the only solution to the deficit problem acceptable to Congress: an increase in taxes.

President Reagan's intransigence on the tax issue was a significant factor in last week's failure by the Senate to agree on a budget plan for restraining deficits by further cuts in non-defence spending, there has been speculation that President Reagan would prefer to have no budget at all for 1984, rather than agreeing to any alternative which would involve higher taxes.

Yesterday's speech, delivered to the National Association of homebuilders, was intended as a response to Congressional leaders of both parties who sharply criticised President Reagan over the weekend for his apparent indifference to the whole budget process and to the huge deficits which might result if Congress failed to set constraints on taxes and revenues by adopting a budget for 1984.

There must be "no mistake, deficits do matter," the President said. The sort of deficits now in prospect were "intolerable", "alarming" and "monstrous," he declared. But to rein them in by raising taxes would be "irresponsible" only by cutting "reckless" non-defence spending could Congress make room for a healthy recovery.

But despite the President's strong words, leading senators predicted yesterday that the Senate would adopt a new budget proposal, which would almost certainly contain

Continued on Page 14

CONTENTS

GLOBAL NATURAL RESOURCES PLC

NOTICE OF MEETING TO BE HELD ON 27TH JUNE, 1983

IN THE HIGH COURT OF JUSTICE (ENGLAND)
CHANCERY DIVISION
MR. REGISTRAR BRADBURN

No. 001826 of 1983

IN THE MATTER OF GLOBAL NATURAL RESOURCES PLC and IN THE MATTER OF THE COMPANIES ACT, 1948

NOTICE IS HEREBY GIVEN that by an Ordar dated tha 27th day of April, 1983, made in the above matters the Court has directed a Meeting of the shareholders of the above-named Company (hareinaftar called "tha Company") to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be mada between the Company and its said shareholders, and that such Meeting will be held at tha Grand Hotel, St. Helier, Jersey, Channel Islands on Monday the 27th day of June, 1983 at 10.30 a.m. (Jarsey, Channel Islands time) et which place and time all the aforesaid shareholders ere requested to attend.

Any person entitled to attend the said Meeting can obtain copies of tha said Scheme of Arrangement, Forms of Proxy, and copies of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act and, in the case of a holder of share warrants to bearer, a form (hereinafter called a "Voting Form") incorporating e Certificate of Deposit of share warrants to bearer and a Form of Proxy for use by the holder thereof for completion in the manner hereinafter mentioned from Global Shareholder Sarvices Limited (hereinafter called "the Registrar") either at its office at 2 Norfolk Square, Brighton, Sussex, England BN1 2PB, or at the office of Global Natural Resources Inc., at 47 Mapla Street, Summit, New Jersey, 07901, U.S.A. and from the office of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday, Sunday or public holiday) prior to the day appointed for the said Meeting.

The said shareholders (whether registered or holders of share warrants to bearer) may vote in person at the said Meeting or they may appoint another person, whether a member of the Compeny or not, as their proxy to attend and vote in their stead.

In the case of registered joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

A holder of a share warrant to bearer is entitled to attend and vote in person or by proxy at the Meeting if:—

(i) he has obtained from the Registrar or from the undermentioned Solicitors, by personal application or by mail, a Voting Form;

(ii) not later than 10.30 a.m. (Jersey, Channel Islands tima) on Friday the 24th day of June, 1983 he has lodged his share warrants to bearer in accordance with tha instructions contained in the Voting Form with a depositary of his choice which must either be a bank or a stock brokerage firm which is a member of a recognised stock exchange, a member of the National Association of Securities Dealers (United States) or a member of a recognised securities dealers' organisation (outside the United States);

(iii) both he and the depositary have signed and completed the Certificate of Deposit in the Voting Form in accordance with tha instructions contained tharein;

(iv) if he wishes to attend and vote in person, he produces the Voting Form, with the Certificate of Deposit tharein duly signed and completed as aforesaid, at the Meeting;

(v) if he wishes to vote by proxy, he lodges the Voting Form, not only with the Certificate of Deposit therein duly signed and completed as aforesaid, but also with tha Form of Proxy therein duly signed and completed by him in accordance with the instructions contained therein, the said form to be lodged as hereinafter mentioned.

Shareholders are strongly urged to lodge their Forms of Proxy (whether relating to shares which are registered or to shares which are represented by ahare warrants to bearer) with the Registrar at one of the addresses given above not later then 10.30 a.m., (Jersey, Channel Islands time) on Saturday the 25th day of June, 1983, but if Forms of Proxy are not so lodged they may be handed to the Chairman of the Meeting.

By the said Order the Court has appointed Frank G. Beatty or failing him John E. McFarlane or failing him Walter H. Saunders, to act as Chalrman of the Meeting end has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated 17th May, 1983.

Theodore Goddard & Co.,
16 St. Martin's-le-Grand, London EC1A 4EJ, England.

NOTICE OF NINTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the NINTH ANNUAL GENERAL MEETING of the above-named Company ("the Company") will be held at the Grand Hotel, St. Helier, Jersey, Channel Islands, on Monday the 27th day of June, 1983, at 11 a.m. (Jersey, Channel Islands time) (or so soon thereafter as the meeting of the holders of shares in the Company convened for the same day and place for the purpose of considering the Scheme of Arrangement referred to below shall have been concluded or adjourned) for the following purposes:—

(A) To consider the following ordinary business of the Annual General Meeting:—

1. To receive and approve the Directors' Report and Financial Statements and the Auditors' Report thereon for the year ended 31st December, 1982.
2. To re-elect Mr. Harry E. Fitzgibbons a Director.
3. To re-elect Mr. John E. McFerlane a Director.
4. To re-elect Mr. Collin D. Parker a Director.
5. To appoint Messrs. Peat, Merwick, Mitchell & Co. Auditors of the Company for 1983.
6. To authorise the Directors to fix the remuneration of the Auditors.

(B) As special business, to consider end, if thought fit, pass the following resolutions, of which Resolutions numbered 7 and 8 will be proposed as Speciel Resolutions and Resolution numbered 9 will be proposed as en Ordinary Resolution.

SPECIAL RESOLUTIONS

7. THAT the Articles of Association of the Company be altered by the insertion immediately after Article numbered 35 of e new Article numbared 35A as follows:—

"35A. The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium eccount in eny manner end with, end subject to, any incident authorised, and consent required, by law."

8. THAT for the purpose of giving effect to the Scheme of Arrangement dated 17th May, 1983 (a print whereof has been produced to this Meeting and, for the purposes of idantification, subscribed by the Chairman hereof):—

(a) the capital of the Company be reduced by the cancellation of the U.K. Shares (as defined in the said Scheme of Arrangement);

(b) forthwith upon the said reduction of capital becoming effective, the sum of 1,000 United States dollars of the reserve erising from the cancellation of the U.K. Sheres be capitelised and applied in paying up in full at par 100,000 unissued shares in the capital of the Company such shares to be allotted and issued credited as fully paid up to Global Natural Resources Inc. or its nominees;

(c) the Directors be and ere hereby authorised for the purposes of Section 14 of tha Companies Act, 1980 to allot up to 100,000 unissued shares in accordance with this resolution such authority to expira on the 31st March, 1984.

ORDINARY RESOLUTION

9. THAT tha agreement dated tha 21st December, 1982 end made between the Company, Natural Resources Corporation and tha persons set forth in the Schedule thereto (a copy of which has been submitted to this Meeting and, for the purposes of identification, aubscribed by the Chairman hereof) be and it is hereby approved.

NOTES:

1. Holders of shares in the Company (whether registered or represented by share warrants to bearer) may vote in person at the above-mentioned Meeting or they may appoint enother person, whether e member of the Company or not, as their proxy to attend and vote in their stead.

2. In the case of registered joint holders the vote of the senior who tenders a vote whether in person or by proxy will be eccepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

3. In the case of e holder of shara warrants to bearer, a form (hereinafter called a "Voting Form") incorporating a Certificate of Deposit of share warrants to beerer end a Form of Proxy for use by the holder thereof for completion in menner hereinafter mentioned may be obtained from Globel Shareholder Services Limited (hereinafter called "the Registrar") either et its office at 2 Norfolk Square, Brighton, Sussex BN1 2PB, England, or et the office of Global Natural Resources Inc., at 47 Maple Street, Summit, New Jersey, 07901, U.S.A., and from the office of Theodore Goddard & Co. at 18 St. Martin's-le-Grand, London EC1A 4EJ, England, Solicitors, during usual business hours on any day (other than a Seturday, Sunday or public holiday) prior to the day appointed for the said Meeting.

4. A holder of a share warrant to bearer is entitled to attend end vote in person or by proxy at the said Meeting if:—

(i) he has obtained from the Registrar or from Theodore Goddard & Co., by personal application or by mail, a Voting Form;

(ii) not later thah 11 a.m. (Jersey, Channel Islands time) on Friday, the 24th day of June, 1983 he has lodged hia share warrants to beerer in accordance with the instructions contained in tha Voting Form with a depositary of his choice which must aither be a bank or e stock brokerage firm which is e member of a recognised stock exchange, a member of the National Association of Securities Dealers (United States) or a member of a recognised securities dealers' organisation (outside the United States);

(iii) both he and the depositary have signed and completed the Certificate of Deposit in tha Voting Form In accordance with the instructions contained tharein;

(iv) if ha wishes to attend and vote in person, ha produces the Voting Form, with the Certificate of Deposit therein duly signed and completed as aforesaid, at the Meeting;

(v) If he wishes to vote by proxy, he lodges the Voting Form, not cnly with the Certificate of Deposit therein duly signed and complated as aforesaid, but also with the Form of Proxy therein duly signed and completed by him in accordance with the instructions contained therein, tha said form to be lodged as hereinafter mentioned.

S. Forms of Proxy (whethar relating to shares which are registered or to ahares which are represented by share warrants to bearer) MUST be lodged with tha Registrar at one of the addresses given ebove (other than 16 St. Martin's-le-Grand, London EC1A 4EJ, Englend) not later than 11 a.m. (Jersey, Channal Islands time) on Saturday, the 25th day of June, 1983. Any Form of Proxy not so lodged will be invalid.

Registered Office:
2 Norfolk Square, Brighton,
Sussex BN1 2PB, England.
Dated 17th May, 1983.

By Order of the Board
Anthony C. Boakes,
Secretary.

EUROPEAN NEWS

U.S. flexibility unlikely to close gap between Moscow and Washington

Polls may cast pall on nuclear talks

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE UNITED STATES and the Soviet Union are not "even a millimetre" closer to an agreement today than they were when talks to limit nuclear missiles in Europe opened in Geneva 18 months ago, according to an editorial in Pravda, the Soviet Communist Party newspaper, last weekend.

On the eve of the resumption of tha talks—the sixth round opens in Geneva this morning—the U.S. and its allies are publicly not so despairing. New proposals, put forward by Mr Yuri Andropov, the Soviet leader, earlier this month have been given a cautious welcome in Western capitals.

Yet there is littla optimism privately that the forthcoming session of the Intermediate Nuclear Force (INF) negotiations will see progress. Both the U.S. and the Soviet Union bave moved from the positions with which they opened negotiations in November 1981, but the gap remains very wide. It can probably be bridged only by a major effort of political will on both sides which, for the time being, seems to be lacking.

Over the next few weeks, as Britain and then Italy go to the polls, the U.S. will no doubt be urged by European Nato governments to eppear as flexible as possible in Geneva, if only to undercut the impact of domestic opposition to the deployment of the new cruise missiles during the election campaigns.

The current U.S. Administration may not need urging: the re-election of a Thatcher government in Britain is probably as important to it as was the election of Chancellor Helmut Kohl in West Germany in March.

By the same token, however, the Soviet Union may want to await the outcome of the two elections before it decides wbether or not to negotiate seriously in Geneva: Western arms control officials believe Moscow still hopes that domestic opposition in the key European countries due to take the first cruise and Pershing missiles will be strong enough to prevent their deployment without the need for Soviet concessions et the negotiating table.

Within the negotiations in Geneva there ere four major obstacles to agreement, despite the appearance of movement over the last month on both sides.

On March 30, finally succumbing to pressure from Europe to be more flexible, President Ronald Reagan reiterated his belief that the two sides should "eliminate a whole category of weapons from the face of the earth." This is the so-called zero option which had been the U.S. opening position, and under which the Soviet Union would dismantle its existing 351 SS20 missiles in return for the non-deployment of the planned 108 Pershing 2 and the 464 cruise missiles in Europe.

Mr Reagan also proposed an interim agreement to provide for substantial and equal reductions by both sides. The U.S. would reduce the deployment of its new cruise and Pershing missiles if the Soviet Union "reduces the number of its warheads on longer range INF missiles to an equal number, on a global basis."

BRITISH AND FRENCH NUCLEAR FORCES

	Missiles	Warheads
British Polaris	64	192
French submarine-launched	80	80
French land-based	18	18

Mr Paul Nitze, tha U.S. negotietor, will submit e draft interim treaty with these proposals, but probably not listing numbers.

The U.S. is apparently thinking of e ceiling on missile warheads of 300, which would mean 300 actual missiles on the U.S. side, but only 100—since each SS20 bas three warheads—for the Soviets).

Mr Yuli Kvitsinky, the Soviet negotiator, is expected formally to tabla the new Soviet proposals.

On May 6 Mr Andropov announced that Moscow was prepared to agree to an "equality of nuclear potentials in Europe both as regards delivery vehicles (missiles) and warheads with due account, of course, for corresponding armaments of Britain and France."

The four principal areas of disagreement are:

● Soviet insistence that the Britisb and French nuclear forces should be included. The U.S., and Britain and France, (neither of which have a seat et the Geneva negotiating table) reject this, on the grounds that the British and French systems constitute independent weapons of last resort, and that to include them would weaken the U.S. nuclear umbrella which is being afforded to ell European Nato countries, including non-nuclear ones like West Germany.

● The U.S. maintains that the way tho Soviets calculate the balance between the two sides in Europe would result not only in no deployment of the new U.S. missiles but in the U.S. baving to pull out some of its existing systems, like aircraft, which carry both conventional and nuclear weapons.

● Moscow is not apparently willing to consider limiting its missiles east of the Urals, where new SS20 bases are being built. Since the SS20 is a mobile missile which could be redeployed westwards in time of crisis the U.S. says global limits must apply to all SS20s, wherever they are.

● The U.S. says aircraft should not be included in an initial agreement.

Officials in Washington maintain that Mr Nitze will now be allowed great flexibility formally end informally to explore the Soviet position as he did last July

But while arms control officials acknowledge that that is probably how any agreement will ultimately be reached, most observers see e tough summer ahead as the two sides continue their public jousting.

Nato urged to strengthen conventional forces

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

NATO SHOULD embark on a $20bn programme to strengthen conventional forces in Central Europe, according to senior Western military and foreign affairs experts in a special study* published today.

The main aim of the new programme, which would mean developing new high-technology weapons, would be to raise the threshold et which nuclear weapons would have to be used in a European war. It would not eliminate Nato's reliance on nuclear weapons as a deterrent, nor would it make arms control or the need to seek better relations with the Soviet Union any less urgent.

But, the study says, deterrence and defence would be strengthened by "more robust, imaginative and effective" conventional forces.

Prepared under the auspices of the American Academy of Arts and Sciences, the study is a powerful endorsement of ideas canvassed by key U.S. figures, including General Bernard Rogers, Nato's supreme commander in Europe.

He believes that Nato countries must increase defence spending by some 4 per cent e year in real terms until the end of the decade to build up their non-nuclear forces. He has warned that without such an increase on new high-technology weapons, the allianco will be mortgaging its future to the nuclear response.

The 25 authors of the study include: Field Marshal Lord Carver, formerly chief of the defence staff and Professor Michael Howard, Regius Professor of Modern History at Oxford, for Britain; Gen Andrew Goodpaster, former commander of Nato and Mr McGeorge Bundy, former presidential assistant on national security, for the U.S.; Gen Franz-Josef Schulze, former commander of allied forces in Central Europe and Gen Johannes Steinhoff, former chief of staff of the eir force, for West Germany.

* *Strengthening Conventional Deterrence in Europe, Proposals for the 1980s. Report of the European Security Study, American Academy of Arts and Sciences, 136 Irving Street, Cambridge, Massachusetts. Published in the UK by Macmillan.*

Anti-nuclear movement prepares campaign of civil disobedience

BY LESLIE COLITT IN BERLIN

THE EUROPEAN anti-nuclear movement has presented a catalogue of civil disobedience measures which are to be followed by supporters in coming months to prevent the deployment of new U.S. nuclear missiles in Western Europe.

They were recommended at the second European anti-nuclear conference which bas just ended in West Berlin. Some 3,000 peace activists attended.

The "every day resistance" measures include: refusing to pay the portion of taxes spent on defence; setting up pirate peaco movement radio stations; and painting walls with anti-nuclear slogans.

Peaca campaigners were called on to esk their doctors whether they are active in the "doctors against nuclear war" movement and, if not, to switch doctors. Military traffic signs on the edges of roads in West Germany and other European countries are to be sprayed with peace symbols. The locks of barracks and other military buildings are to be filled with epoxy glue.

The conference called for a "plebiscitary uprising" in the countries where the Pershing II and cruise missiles are scheduled to be based. By means of petitions, referenda and opinion polls, the anti-nuclear movement intends to express wbat it calls the dissenting opinion of most Europeans.

Anti-nuclear groups in West Germany and other European countries said they would organise public opinion polls on the missiles question if their governments did not agree to hold referenda.

The Warsaw Pact countries were criticised for their refusal to permit some 200 unofficial peace groups and individuals from the East bloc to attend the six-day meeting.

Mr Yuri Shukhov, head of the official Soviet peace committee, said the purpose of the conference was to split the worldwide peece movement and to turn its forum into a scene of "open ideological conflict."

An East German theologian told a conference of the Evangelical (Protestant) church of Thuringia, East Germany, that East German Christians should show greater willingness to take risks for the peace movement. Herr Joachim Garstecki criticised in particular adults born in the 1940s in East Germany who, be said, had persuaded their children to say "Jein" (a combination of "ja" and "nein") to the peace movement.

Papandreou presses N-free zone idea

ATHENS—Mr Andreas Papandreou, the Greek Prime Minister, has written to Balkan leaders proposing a series of conferences to promote a nuclear-free zone in the region. Letters have been sent to the leaders of Yugoslavia, Albania, Romania, Turkey and Bulgaria.

When Mr Papandreou announced his intentions earlier this month, he said that experts should meet first to discuss the subject, followed by contacts at the level of deputy minister. "I hope this will open the way for a Balkans free of nuclear weapons," he said.

It is doubtful, however, if such a conference will take place since Turkey opposes the idea. Greece and Turkey are the only two Balkan countries known to have nuclear warheads based on their territory.

AP

Poland's social spending trails in Eastern bloc

By Christopher Bobinski in Warsaw

THE GROWTH in Polish welfare benefits, won by the Solidarity movement in 1980 and continued after the banning of the union, barely brought the country's welfare spending last year to the level reached by other East European nations et the start of the decade.

This is the conclusion of a study in the monthly publication, Polityka Spoleczna, and comes et a time when senior government officials are claiming that Poland has become an "over-protective society" and that social spending must be reduced.

The study, by the official Labour and Social Affairs Institute shows that, 25 per cent of Poland's national income went on social spending last year. However, Bulgaria had spent 25.2 per cent in 1980 and Czechoslovakia 26.6 per cent. East Germany had reached a 29.6 per cent share in 1981.

The authors also point out that many of last year's cash benefits were one-off payments

Comparing the situation in Poland with the rest of Europe in 1977, they note that 10.7 per cent of Polish national income weot on social security—about the level of Portugal and Greece—while Hungary was spending 15 per cent, Sweden 33.7 per cent, France 25.3 per cent, and Britain 16.1 per cent.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Sheraton wins on style in North America.

NEW YORK

The Sheraton Centre

A hub of activity and vitality right above Manhattan's Theatre Row, near Fifth Avenue shopping. This world-class hotel offers concierge service, gourmet dining at Rainier's, live shows and dancing at La Ronde. For guests demanding the ultimate in luxury, there's Sheraton Towers—a small, separate hotel within the hotel.

TORONTO

The Sheraton Centre of Toronto

A world-class hotel ideally located in the city's business, shopping and entertainment centre. Fine dining and relaxation in seven restaurants and lounges, including the Winter Palace Restaurant for fine cuisine and The Redwoods for hearty fare. Indoor/outdoor pool and health club. For the ultimate in elegance and personal service—there's the Sheraton Towers, a luxurious, private hotel-within-a-hotel.

BOSTON

Sheraton-Boston Hotel

Conveniently located at Prudential Center in the heart of the Back Bay district. Near shopping, theatres and Symphony Hall. Computerized check in/out. Indoor pool. Easy access to turnpike, airport and Amtrak. For those who prefer the intimacy of a small hotel, the luxurious Sheraton Towers is located atop the Sheraton-Boston.

To make a confirmed reservation, call Sheraton's on-line computer reservations system—Reservatron III.

In London: 01/636-6411

Or call your nearest Sheraton Hotel, Reservations Office or your Travel Agent.

Sheraton Hotels Worldwide

EUROPEAN NEWS

EEC agreement on consolidated accounts rules

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS agreed yesterday that by 1990 public companies which are organised as groups will be subject to Community-wide legislation requiring them to produce consolidated accounts.

This will be the result of yesterday's formal adoption by EEC finance ministers of the seventh company law directive almost seven years after it was first tabled by the European Commission.

Member states must pass the necessary domestic legislatinn to apply the directive by January 1 1988, and its provisions must come into force from January 1 1990.

This implies important changes in the eccounting requirements of most member states, although Britain will be the least affected because its current laws are broadly in line with the directive.

Final agreement follows a determined effort by the West German Government over the past four months to have the legislation passed during its tenure of the Council of Ministers' presidency.

The broad outline of the directive bas been well-known for some time but final agreement was made possible by compromises on:

- The requirements on financial holding companies. Luxembourg bas fought long and hard for a general exemption from the scope of the directive for such companies. This was refused by other member states who have finally accepted the possibility of exemption on the condition that the holding company exercises no influence over the management of its subsidiaries.

But in all circumstances, holding companies will be required to list their majority shareboldings in other enterprises.

- Exemption of certain types of parent company which are partially or wholly owned by another company. This could have reduced the scope of current British laws but the compromise demands the provision of consolidated accounts unless a blocking minority of 10 per cent of shareholders agrees that the company should be exempt.
- Exemption of small and medium sized businesses. When the directive comes into force, small companies must satisfy two of three criteria for exemption: their balance sheet total must be less than Ecu 10m (£5.5m), their turnover less than Ecu 20m and their employment no greater than 500. By the year 2000, these thresholds will be reduced to Eco 4m, Ecu 8m and 250 employees.

Ministers seek to break deadlock on farm prices

BY LARRY KLINGER IN BRUSSELS

A COMPROMISE was being prepared last night in an effort to break the deadlock over fixing guaranteed price levels for the European Community's 8.5m farmers.

Mr Peter Walker, the British Agriculture Minister, said during a break in last night's resumed negotiations among Community farm ministers that he discerned a "strong desire among the majority of countries to have a quick agreement."

He also made clear that he felt a quick solution along the lines of the Commission's proposed 4.2 per cent average increase would be acceptable to British voters.

However, he was adamant that Britain would reject any compromise that significantly increased price rises above those already on offer. The EEC's hard-pressed finances, to which Britain was the major contributor, could not stand any further strain.

Meanwhile, EEC farming organisations yesterday stepped up their pressure for e quick agreement, stressing that they were opposed to further demonstrations akin to those which have erupted in violence in France. Nevertheless, they pointed out that there was increasing pressure in several other countries for their members to take direct protest action.

Thousands of farmers again demonstrated across France yesterday, destroying imported and bomegrown produce and blocking border posts and motorways in protest at EEC pricing policies.

Some 200 farmers, primarily from French smallholdings, demonstrated peacefully outside the Council of Ministers meeting yesterday afternoon. Inside, farming leaders were telling Herr Ignaz Kiechle, the West German Minister and council chairman, that their members bad lost up to £220m in potential revenue because the council bad failed to meet the April 1 deadline for fixing 1983-84 guaranteed price levels.

The potential loss for British farmers, who represent only ebout 6 per cent of the EEC total but account for about 13 per cent of Community outpnt, is already estimated at around £8m.

There was a growing feeling last night that if no agreement were struck this week, there was unlikely to be a final agreement until after the Italian election on June 26.

Following tenative West German and French agreement on new "green currency," arrangements, the biggest obstacle to a solution remains Italian insistence for an EEC system of interest-rete subsidies which could provide its farmers with an extra £150m in aid.

Mr Martens . . . developing a theme

Belgium spells out summit priorities

By Paul Cheeseright in Brussels

THE BELGIAN Government wants the U.S. at this month's Williamsburg summit to commit itself to co-operate with the European Community and Japan in achieving monetary stability.

"More internatinnal co-operation is needed to achieve greater monetary stability by reducing the exchange rate fluctuations between the dollar, the yen, Sterling and the currencies of the European monetary system," said Mr Wilfred Martens, the Prime Minister.

Speaking to senior bankers at the International Monetery Conference in Brussels last night, Mr Martens set out Belgium's demands for the summit.

They centred on the conviction that "we need at least, as a necessary condition, more stability in the international monetary environment if we want to sustain a recovery process wbose signs are finally showing bere and there."

Thinking in Brussels starts with the observation that there is close co-operation between the U.S. and the EEC on military matters through Nato and that talks on trade matters are nearly continuous. But there is no such close liaison on monetary matters.

The vehicle for greater monetary co-operation would be the central banks, officials said.

No special formula bas been devised, however. Rather, the important need is that the U.S. should show it wants to co-operate. This so far it has not done, in the Brussels view.

The Government feels that the restrictive policies which the U.S. followed, especially last year, have retarded recovery.

"Big countries have obligations towards the international economy and, in particular, they should always try to take into account, in formulating their own macro-economic policies, the probable effects of these policies on other countries," Mr Martens said.

His speech showed that the Government is developing a theme taken up both in bilateral talks with the U.S. at the beginning of last year and at last June's Versailles summit

W. German bitterness over Libya 'spy' swap

By James Buchan in Bonn

THE WEST GERMAN Press responded with bitterness yesterday to the exchange of eight German businessmen accused of spying in Libya for two Libyan citizens charged by a Bonn court with abduction and torture.

The swap, which took place at Frankfurt airport on Sunday, followed the release the weekend before of a convicted Libyan assassin in return for four West Germans imprisoned in Libya for spying and other offences.

Commentators yesterday had no donbt that Bonn bad given into blackmail and that the eight West Germans—employees of companies contracting in Libya—had been taken as bostage in order to prevent justice being done to the two Libyans. They were arrested in Libya shortly before the Bonn case was due to open.

The prisoner exchanges have caused great unease among British officials and even within the Bonn Foreign Ministry as setting a dangerous precedent. However, the great surprise is that the opposition Social Democrats have not seized what is widely regarded as a political plum.

Herr Juergen Moellemann, state minister at the Foreign Ministry who negotiated the exchanges, yesterday defended his action on the grounds that "foreign and economic policy considerations should realistically be taken into account."

There were 3,500 West Germans in Libya working for companies with annual sales from their contracts of DM 10bn (£2.6bn). At the same time, West Germany imports abont 15 per cent of its oil from Libya.

Mitterrand and Kohl stand by commitment to new missiles

BY DAVID MARSH IN PARIS

THE FRENCH President, M Francois Mitterrand, and Chancellor Helmut Kohl of West Germany, yesterday reaffirmed their commitment to the stationing of strategic nuclear weapons in Europe if East-West arms reduction talks fail.

More than 1½ hours of talks between the two leaders in Paris yesterday, on the first day of the two-day Franco-German summit, were marked by convergence on a variety of economic and strategic issues, according to the Elysee Palace spokesman, M Michel Vauzelle.

He said that Chancellor Kohl bad shown "openness" to M Mitterrand's proposal last week for an international conference to prepare the way for a new monetary system—an idea which the spokesman underlined was only a very long-term proposition.

On strategic questions, the two countries agreed on the need for an independent line on East-West trade. There was similar convergence on other points likely to come up at the Williamsburg summit.

Both countries underlined the need for "dialogue" and "serious discussions" with the Soviet Union over arms reductions talks in Geneva and Madrid. But, if these failed, they would stick to the Nato line for installation of Pershing missiles.

A less barmonious note was struck, however, last night by Mme Edith Cresson, the French Foreign Trade Minister, who is quickly emerging as a Boadicea-like defender of France's trading interests. She told a radio interviewer that the summit would allow Paris to tell Bonn that the mounting West German trade surplus with France was "insupportable."

Claiming that French exports were held up by rigorous German commercial norms, she said that France could take measures to increase the number and severity of French technical norms to block West German imports.

The two leaders' talks were preceded yesterday morning by conversations between the French and German Foreign and Defence Ministers to discuss military collaboration. Herr Manfred Woerner, the Bonn Defence Minister, said afterwards that the two sides bad made good progress in discussions on a joint project to build an anti-tank belicopter.

Communist criticism gets louder

BY PAUL BETTS IN PARIS

THE FRENCH Communist Party has sharpened its criticism of the economic policies of the Government of which it is the junior partner.

It has also attacked government proposals to reduce by two-thirds the rate of nuclear power station construction.

Furthermore, the Communists will abstain in the parliamentary vote on France's five-year defence plan. The decision is essentially a protest egainst the wording of the text which refers to the Soviet Union as the possible enemy in the event of an armed conflict.

The latest public criticisms of the Government appear largely designed for the Communist party's internal consumption and to reaffirm the party's independent identity within the French Left. Despite the apparent closing of ranks behind M Georges Marchais, the party's secretary general, at last month's central committee meeting, his influence bas been waning and there is considerable uncertainty among the rank and file.

His criticisms of the Government's austerity measures on Sunday clearly irritated the Socialist-led Administration. M Max Gallo, the government spokesman, sought yesterday to play down the attack but M Bertrand Delanoe, the Socialist Party's official spokesman, deplored it.

M Marchais accused the Government of ignoring Communist proposals to help resolve the French economic crisis.

He also suggested his party was still unhappy with the compromises offered by M Pierre Mauroy, the Prime Minister, under which the original austerity package was slightly modified to enable the Communist last month to vote in its favour without loss of face.

The latest Communist criticisms are likely to stoke the debate raging within the Socialist Perty as it prepares for its congress in the autumn. President Francois Mitterrand's supporters bave already attempted to persuade the party to sbow a united front at the congress. But several leading Socialists—M Jean Pierre Chevenement, the former industry minister, at the forefront—have fiercely attacked M Mitterrand's policies.

The Communists and the CGT labour confederation are especially annoyed et the proposals leaked last week of cuts in France's nuclear energy programme. The pro-Communist CGT is very influential in the power industry while the Communists have long campaigned in favour of France's so-called energy independence.

Radicals will not fight Italian election

By Rupert Cornwell in Rome

THE SMALL and unpredictable left-wing Radical Party will not, it seems, be fighting the general election in Italy on June 26-27. As a result, some 1.5m votes will be set free, perhaps to help the Socialist and Communist parties, or, as seems equally probable, to swell the ranks of abstainers.

Tbe party has complained frequently in the past about what it claims are inequities in the electoral system.

The decision emerged from the party's three-day special congress in Rome, which ended at tbe weekend. It was, ebove all, a tribute to the persuasive oratory of Sig Marco Paonella, the flamboyant and undisputed leader of an otherwise highly fissile party.

The outcome did not please everyone, and theoretically it can be reversed by the national council which is due to meet this Friday. But it would be surprising if it were, barring the unlikely concession of much greater television campaign time, which Sig Pannella has been demanding.

Radical votes, equivalent to 3.4 per cent of the total poll at the last election in 1979, would go normally to tbe Communists and, in particular, the Socialists. But Sig Pannella at the weekend urged potential voters to spoil their ballot papers in protest et the shortcomings of the Italian political system.

If bis instructions are obeyed, Italy could experience a level of electoral boycott unprecedented in its recent history.

In 1979, the percentage of valid votes cast was 86 per cent of the total. But the figure has been declining slowly in recent elections—evidence of e widespread disaffection at Italy's stalemated politics.

OVERSEAS NEWS

Kenyan minister denies involvement in 'plot' against Moi

BY MICHAEL HOLMAN IN NAIROBI

MR CHARLES NJONJO, Kenya's Minister of Constitutional Affairs, yesterdey denied that he was part of any plot against the government, backed by unnamed foreign powers.

The former Attorney-General has been the target of a campaign to link him with allegations of such a plot, made by President Danied arap Moi 10 day ago.

Although Mr Njonjo had not been named, uewspapers bave carried daily statements hy fellow Ministers, MPs and officials of the ruling Kenya African National Uuiou (Kanu), with unmistakable hints about the identity of the so-called traitor.

Clearly, Mr Njonjo, who has a reputation as a determined and shrewd politiciau, haa chosen to fight back. Today's special meeting of the Kanu governiog council will provide the theatre for the toughest and most puhlic power struggle since President Daniel arap Moi took office in 1978.

The plot allegation was made originally by Mr Moi, who referred to the involvement of "a certain person," while at the same time exonerating Mr Mwai Kibaki, the vice-president, a long-term rival of Mr Njonjo.

In his statement yesterday, Mr Njonjo, who returned to Nairobi on Sunday from a two-week visit to London, said: "I am not being groomed by any foreign power or powers for any office in this country—as bas been suggested by certain politicians and the press. I oppose and would oppose any attempt by any foreign power to interfere iu Kenyan affairs."

Hawke under pressure

BY COLIN CHAPMAN IN SYDNEY

MR BOB HAWKE, the Australian Prime Minister, and his deputy, Mr Lionel Bowen, are expected to come under strong opposition pressure in federal parliament today to explain a proposal by Mr Bowen that Australia and Japan should comhina to provide a peace-keeping force in Kampuchea.

The proposal perplexed the Foreign Affairs Department in Canberra, was rejected by Japan'a Foreign Ministry in Tokyo, and led to Mr Bill Hayden, Australia'a Foreign Minister, making a statement from Hong Kong saying that the first he heard of the idea was when he read news reports.

Mr Haydeu aded that delicate negotiations would be needed before anything of the kind would be possihle.

According to Mr Bowen, a peace-keeping force in Kampuchea would he necessary to insure that, when Vietnamese troops pulled out, Khmer Rouge forces were disarmed to prevent a repest of the massacres of the Pol Pot regime and to guarantee free elections.

Poll raises Banda succession question

By J. D. F. Jones in Johannesburg

MALAWI'S CABINET and Parliament will be dissolved tomorrow following the weekend announcement by Dr Kamuzu Banda, the country's life president, that elections will be held on June 9.

Malawi is a one-party state in which political affairs are dominated by President Banda and his Congress Party, but the last election, in 1978, saw the defeat of several ministers and MPs. At a party rally last Saturday, Dr Banda promised a "free and democratic poll."

The central, though unmentionable, political question in Malawi concerns the successor to Dr Banda, who is about 80 and has not revealed his own thoughts on the matter. Outside the ranks of the Congress Party, the oppositiou to Dr Banda's policies is fragmented and impossible to quantify.

Six weeks ago, Dr Attati Mphakati, the exiled leader of the Socialist League of Malawi (Lesoma), was assassinated in the Zimbabwe capital of Harare. He has already been victim of an attack in 1979 when, working as an economist in the Mozambique Central Bank, he had both hands blown off by a parcel bomh

The head of the Malawi Freedom Party (Mafremo), Dr Ortou Chirwa, the former Justice Minister, was sentenced to death for treason two weeks ago, after a prolonged trial in a traditional court. The President has the power to commute the sentence, and faces an international campaign to do so.

SYRIA AND ISRAEL STILL AT LOGGERHEADS

Doubt cast on Lebanon pull-out agreement

BY PATRICK COCKBURN IN DAMASCUS

THE apparently irreconcilable aims of Syris and Israel in the Middle East are raising questions about the chances of success for the U.S.-backed troop withdrawal agreement due to be signed today between Israel and Lebanon.

Israel has always maintained that its troops will not return home until the Syrians withdraw their 35,000 men from Lebanon.

Syria's President Hafez al-Assad has said he has no intentiou of doing this, arguing that—unlike the Israelis—the Syrian army is in Lebanon by invitation and that the Israeli-Lebanese accord has turned Lebanon into an ally of Jerusalem's.

In Damascus, diplomats remain preplexed as to why Mr George Shultz, the U.S. Secretary of State, pushed the two into an agreement when it could end up as a dead letter because of Syrian recalcitrance.

One explanation is that the U.S. believes Syria would eventually come to heel, in six months or a year.

A less charitable but more widely held view is thst, after the failure of tha President Ronald Reagan'a Middle East peace plan in April — when King Hussein of Jordan said ha could not negotiate on behalf of the Palestinians — the Administration needed to gain some diplomatic momentum in the Middle East.

Starved of foreign policy success, the argument goes, the White House wanted an agreement which looked like achieving something.

Viewed from Damascus the success seems something of a mirage, as no effectual agreement to withdraw can be arranged without Syrian acquiescence. This was unlikely to be obtained, and Mr Shultz made little effort to acquire it — during his one visit to Damascus, he and Presidant Assad are reputed to have spent one of the three hours they had available discussing the Crusades.

President Gemayel

Without the early withdrawal of foreign forces, Lebanon seems likely to be more firmly partitioned than ever. Over the weekend the Syrian Government met its allies withiu Lebanon. These include Mr Walid Jumblatt, leader of the powerful Druze community, former President Suleiman Fradgh, and other parties with little liking for rule of President Amin Gemayel.

The Syrian response to President Gemayel'a decision to sign an agreement with Israel is to ensure thet his eothority will be even more limited. The Syriau media have warned ominously of a resumption of the Lebanese civil war.

Mr Gemayel will be looking to Washington for support to euable him to avoid the crush between Syris and Israel. But many Lebanese are concerned about the extent of U.S. assistance, while the Lebanese Army has been disappointed at the delay by the U.S. in providing promised equipment. The U.S. is clearly having difficulty reconciling the iuterests of Israel as a major ally and President Gemayel as a minor one.

For the Israelis, the troop withdrawal agreement relieves U.S. pressure on them to pull out of Lebanon, redirecting it towards Syrie and allowing Mr Menahem Begin, the Israeli Prime Minister, to repair ties with Washington.

The Israelis may of their own eccord pull back to more defensible lines north of Sidon in order to reduce the trickle of casualties they suffer from guerrilla attacks in the outer fringes of Beirut and the Chouf mountains.

The Palestine Liberation Organisation has said it will step up its attack and Syria would clearly like to see Israel caught in a political and military quagmire in South Lebanon.

The danger remains that if Syria and Israel keep their troops in Lebanon, they will eventually drift into another war. This is a longer-term danger rather than an immediate threat, but in the Bekaa Valley and the mountains above it, the two armies are very close. Guerrilla attacks may eventually lead the Israelis to consider expelling the Syrians from the third of Lebanon they still hold.

Koreans ponder Chinese hijack puzzle

BY ALAIN CASS, ASIA EDITOR

THE WAY in which China negotiated the return of its first airliner to be hijacked beyond the country's borders is curious, even by the inscrutable standards of Asian diplomacy. It could also turn out to be a significant diplomatic landmark.

South Korean officials received the first cryptie message from Peking less than three hours after the British-built Trident jet had landed at Seoul airport and those who subsequently negotiated the first-ever agreement between the two countries are still scratching their heads.

Why did the Chinese choose to make such a fuss, the officials wonder. Why, when Peking does not recognise South Korea and Seoul has diplomatic ties with Taiwan, did China turn the affair into a diplomatic circus in the full hlaze of publicity? "They needn't have come at all," said one top official. "They could have used the Americans or the Japanese as go-betweens."

Instead, Peking sent a delegation headed by Shen Tu, who is not only head of the state-owned airline, CAAC, hut also a memher of the central committee. He was accompanied, it has since emerged, by a senior member of the Foreign Ministry —an additiou made at Seoul's insistence but one which cannot have endeared the People's Repuhlic to North Korea, its close ally.

The Chinese desire for urgency is even more puzzling. According to officials at the Blne House — South Korea's presidential palace—two hours after the first message from Peking came a second expressing the desire to come to Seoul in another CAAC airliner. This was followed just before midnight by a third message announcing that the delegation would leave Peking the following morning arriving in Seoul just after noon.

A crisis committee of South Korean presidential aides, intelligence and armed forces chiefs and Foreign Ministry officials met thronghout the day as the hijackers were tackled. They finally replied to Peking's increasingly urgent messages the following morning. "We told them they could come a day later," said one of the team.

Another curious aspect of the affair is that the hijacked aircraft, on a flight from Shenyang to Shanghai with 95 people ou board, was over North Korean airspace for 45 minutes and eircled Pyongyang, the capital, three times before heading for the Demilitarised Zone where 50,000 U.S. troops are stationed as a tripwire

South Korean radar spotted four MiG-19 fighter aircraft scrambling, apparently to accompany the airliner. South Korea responded by scrambling its own aircraft. "Why was it not forced down?" asked one observer. "Who would have known?"

According to the pilot of the Chinese airliner, China and North Korea both reacted slowly because neither has the necessary electronic equipment to pick up tha automatic distress signal of a hijacked aircraft. This seems improbable since the Mayday message goes out on a commonly used international frequency.

The obvious explanation for Peking's concern is that the incident might be seen as a dangerous precedent and it was therefora decided, presumably at Politburo level, to put a senior official in charge. Travel regulations for all but top officisls in China are reported to have been tightened drastically since the hijsck.

Another reason for the fuss could be that Peking feared the regime of President Chun Doo Hwan in Seoul might have refuelled the aircraft and sent it on to Taiwan. Unconfirmed reports suggest there were senior party officials aboard.

Uuder the agreement, the hijackers who, aecording to Peking were led by a "corrupt car worker" are to be tried and "severely punished" in South Korea.

A third and more tantalising suggestion is that China saw the incident as a perfect opportunity to establish its first informal contact with Seoul at a time when Peking is trying to project a more concerned and conciliatory image in Asia.

The hijack incident is faintly reminiscent of the "ping pong" diplomacy China used when it made its first hesitant contact with the West. "The Chinese have a hsndy way of separating politics from sport. Contact for humanitarian reasons can fall into the same category," commented one official.

South Korea is to host both the Asian Games in 1986 and the Olympics in 1988. Peking, as a major emerging athletics power, may not wish to be left out, but will need a good reason to attend when South and North Korea are bitter enemies and Seoul maintains diplomatio ties with Taiwan.

The final communiqué after agreement was reached on the hijacked airliner was signed, at South Korean insistence, by the two delegation heads, representatives of the "Republic of Korea" and the "People's Republic of China," and said the two countries hoped to cooperate again if similar emergencies arose.

Existing ties are confined to a small amount of indirect trade —China supplies coal in return for steel—postal liuks, to allow ethnic Koreans in the People's Republic to write to their relatives, and a tiny handful of cultural exchange visits.

South Korean officials are not, however, pinning too many hopes on the incident Some military chiefs have already expressed concern that President Chun's regime was too esger to fraternise with what many here still call "Red China."

Call for return to democracy

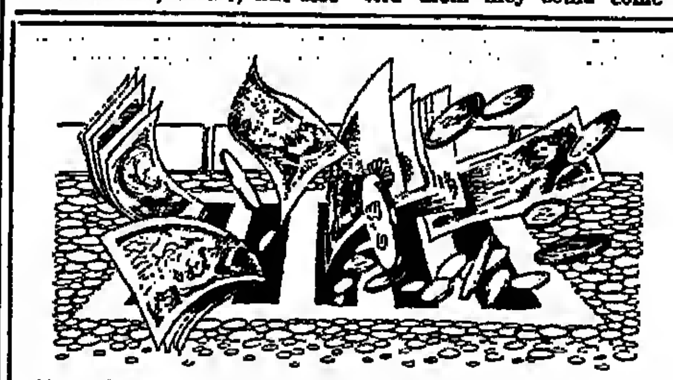
By Our Asia Editor in Seoul

A SENIOR opposition politician under house arrest in South Korea called yesterday for the restoration of democracy.

Kim Young Sam, a leader of the banned New Democratic Party, issued his statement on the third anniversary of the uprising in the university town of Kwang-ju in 1980.

The uprising, in which students set fire to buildings, was ruthlessly suppressed by South Korean paratroopers sent in by President Chun Doo Hwan. Hundreds were killed.

In his "Message to the People," Kim said the government of President Chun was a "military dictatorship which is getting stronger" and said it had not apologised for the incident. The incident, said Kim, "continues to smoulder in the nation's heart."



U.S. cuts back hard on building of nuclear plants

BY PAUL TAYLOR IN NEW YORK

U.S. ELECTRICITY companies, faced with unexpectedly low energy demand, financial constraints and regulatory problems, have cancelled two out of every five nuclear power units ordered since the start of commercial nuclear power generation.

The figures, which reflect the pronounced problems of the American nuclear power industry, were released yesterday in a U.S. Department of Energy report.

Typically, a nuclear power plant comprises two units, and the report reveals that between 1972 and 1982, 100 out of 251 units on order were cancelled. In terms of capacity, the cancellation rate is even higher. According to the department, 110 gigawatts, or about 45 per cent of the 246 gigawatts of nuclear power ordered since 1972, have been cancelled.

By comparison, the Energy Department says that only 39 fossil-fuel-fired electricity plants were cancelled over the same period.

The report lists five main reasons for the cancellations. They are: s projected decline in demand for electricity, financial constraints on shareholder-owned utilities, regulatory uncertainties and delays at federal level, loss of cost advantages over coal-fired plants and the refusal by some states to approve construction, sometimes because of financial reasons.

The Energy Department estimates that $10bn was spent on the cancelled projects before they were abandoned. It says the costs of the cancellations have been split between utility shareholders, electricity consumers and taxpayers.

It also warns that other projects in various states of construction are "vulnerable to cancellation," and this could involve a further $4.5bn to $8.1bn in cancellation costs.

The Energy Department, a strong supporter of nuclear power under the Reagan Administration, said yesterday that the three most important reasons for cancellation were the fall in demand, the financial constraints and the loss of cost advantage of nuclear power.

Nevertheless, the industry has recently taken a public battering over safety following the Three Mile Island accident in 1979.

Since the start of this year, two plants in particular hsve run into problems. In February, an automatic reactor shutdown system failed twice in three days at the Salem 1 plant in New Jersey.

On Long Island, the completion of the Long Island Lighting Company's $3.2bn Shoreham nuclear power plant has been delayed by state officials because of concern over the emergency evacuation procedures.

Telecom deregulation decision is upheld

BY OUR NEW YORK STAFF

U.S. telecommunications companies, including American Telephone and Telegraph, yesterday cleared the final hurdle in the deregulation of the sale of telephone and telecommunicatioo equipment.

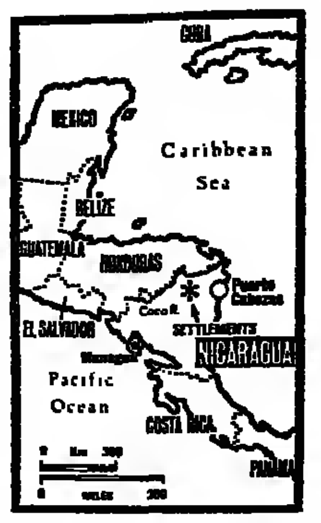
The U.S. Supreme Court yesterday refused to interfere with a Federal Communications Commission (FCC) order in 1980 deregulating the sale of equipment which also allowed AT & T to offer data-processing services.

The FCC ruling, called Computer II, was upheld last November by a federal appeals court in Washington but was taken to the Supreme Court by the Nstional Associstion of Regulatory Utility Commissioners, the Louisiana Public Service Commission and California Public Utilities Commission.

The FCC decision, is separate from the historic Justice Department anti-trust settlement with AT & T but covers some of the same issues, permitting open competition in the sale of equipment, from simple telephones to phone-linked computers and answering machines. The ruling also bars state regulation of equipment and it was this issue which was specifically challenged in the Supreme Court case

Tim Coone visits a settlement forced to move because of threats from the 'contras'

Nicaragua's Indians caught in the crossfire



FIGHTING IN the south of Nicaragua between Government forces and the anti-Sandinista counter revolutionaries (or contras) based in Costa Rica, has subsided in past days, and the army claims to have the situation well under control, Tim Coone reports from Managua.

Nicaraguan frontier guards, mostly volunteers of a reserve battalion in their late teens, almost sll university and high school students, described a recent attack on the frontier post of La Esperanza, two kms from the border.

The guards said the contras were poorly trained and despite outnumbering the youths at the post by some five-to-one, failed to inflict any casualties. One said: "they just fired wildly in all directions.

This battalion has recently been pursuing another guerrilla column further towards the Atlantic coast. One who had been involved said: "the contras won't stand and fight. They just fire a few shots and run."

It appears that the contras' tactics are to infiltrate in large groups and to then disperse deeper inside the country. The column of contras that the reservists pursued apparently melted away in the southern department of Zelaya Sur. The commander of the region, Captain Bosco Centeno, a seasoned guerrilla fighter himself, said that the contras have been crossing the frontier carrying two rifles each, one for themselves and another for a new recruit, and have been trying to establish bases within Nicaragua.

"They haven't succeeded," he said. None the less, several hundred guerrillas are now believed to be active in the watershed of the Maize and Indio rivers in Zelaya Sur and according to reports from Costa Rica, a further 1,500 to 2,000 are training on Costa Rican territory.

THE GAPING space in the forest, cleared last year for the rice crop, was the first indication that the settlement was near. Sahsa, a Misqito Indian word for a local tree, is one of the larger of five settlements established last year in Nicaragua by the Left-wing Sandinista government for 6,500 Misqitos who were transferred from villages along the Coco river on the Honduras border.

The settlements are located sbout 50 miles west of tha Atlantic coast port of Puerto Cabezas. Tha relocation of the 23 Coco river villages was planned by the Somoza regime which was overthrown by the Sandinistas in 1979. The land is low-lying and every year suffers severe flooding.

But, the move, when it came, was made for political and military reasons, officials say. The counter-revolutionaries who are fighting a war with the Sandinistas had threatened to take over the region in December 1981 and create a liberated zone.

"If we hadn't moved the communities, many civilian lives would have been lost in the fighting," said Sr Galio Gurdian, head of s government research centre on the coast.

The Misqitos had mixed feelings about the move. One woman in Sahsa said: "I was very sad at first. We didn't know where we were going, how we were going to live and wa only had plastic tents to start with." Sitting on the step of her new wooden house, she said: "Now I don't want to move from here. I'm hopeful for the future and we are safe here at least."

The Government's efforts are impressive. Over 1,000 houses have been built in less than a year, major health and education programmes are under way, electricity has been put into every settlement, and potable water systems have been piped in with Oxfam assistance.

Nonethetess, the Sandinistas are losing ground in Zelsya Norte, the province in which the settlements, named Tasbah Pri, Misqito for free land, are located. The province has been a target for counter-revolutionary or contra-attacks for over two years.

Ruth Rubi, director of the settlement project said: "The attacks by the contras are affecting us. Sometimes the roads are cut, and transport is scarce. They hinder our efforts to develop the new settlements."

The transport problem is critical. There is no bus service, and goods transport is difficult to find because many vehicles have been taken over by the army. Coca-Cola trucks can be seen carrying troops heading for the fighting zones.

Transport shortages have brought food shortages. Bitter complaints can be heard in Wasimona, a settlement of 650 people, about the rice ration of 1½ lbs per person per week. Meat is in short supply, and pot-bellied toddlers are not uncommon.

Hard-pressed officials in the settlements are anxious to point out that the problems are similar throughout Nicaragua. However, in the cities, it is relatively easy to get supplementary rations in the markets. In the settlements there are no alternative supplies and little cash to buy them in any case. Jobs are scarce.

Ruth Rubi explained that the first objective is to achieve food self-sufficiency in the settlements, and later to increase incomes. Pig farm construction and clearing and cropping the virgin forest has begun, whilst a timber mill which will provide 700 jobs is being built close to Sahsa.

Cocoa plantations will provide another 1,000 jobs but will take five to six years before they bring any returns, and have yet to be planted.

For the Sandinistas, it is a race against time. Just three weeks ago, 1,500 Indians in the villsge of Slilma Lila, one of the few communities north of Puerto Cabezas unaffected by the settlements move, were kidnapped by a group of 100 counter-revolutionaries and taken across the border to Honduras.

Although some went under pressure, it seems that infiltrators in the community planned the move in advance, and many apparently left willingly, attracted by the U.S.-funded aid programmes for the Misqitos in Honduras.

Word spreads quickly. A Red Cross official visited the settlements recently to arrange a postal service with relatives in Honduras. He was laughed at. People in the settlements find out what is happening in Honduras sooner than people in Managua. Relatives continue to cross the border, some innocently, but many, it seems, with more sinister motives.

The mood is tense in Zelaya Norte. A war is coming, people say, but no-one ventures a guess as to its outcome.

PROFESSIONALLY SPEAKING

When you need to consult a firm in one of the professions, it may be difficult to know which to approach.

Many firms have particular specialisations and expertise. There may well be a suitable firm within easy reach.

Now, there is a simple and quick way to find out. It's called the Professional Register.

The Professional Register is a centralised data-bank of professional firms, throughout the country, carefully categorised by speciality.

You simply ring 200-0-200 to be given the names of appropriate firms in your area. There is no charge for the service and you can call week-days or weekends, 24 hours a day.

So, when you need a professional firm, call the Professional Register.

THE Professional REGISTER

7 DAY – 24 HOUR SERVICE

01-200-0-200

MEMBERSHIP ENQUIRIES:
THE PROFESSIONAL DATA-BANK LTD.,
50 HANS CRESCENT KNIGHTSBRIDGE, LONDON SW1X ONA.
TEL 01-581 4544.

COMMUNICATIONS IN BUSINESS AND SOCIETY

HITACHI

Keisuke Arai
Executive Vice-President

The above photograph appeared un-captioned in yesterday's advertisement for Hitachi within the series of Communications in Business and Society.

The Financial Times apologises for this omission.

ADVERTISEMENT

COMMUNICATIONS IN BUSINESS AND SOCIETY

NIKKO SECURITIES: Business in Any Commodity in Any Market

By Geoffrey Murray

Shoji Umemuro
President

Opening this interview, Mr. Umemura referred to one of the major problems for the Japanese securities industry. There are four top-ranking companies among many other major ones now offering similar services in a very competitive market. How therefore, does the general public differentiate between the various companies? It is obviously a key point for any company that wishes to grow and prosper. Mr. Umemura asked whether I had any good suggestions to make from the viewpoint of a total outsider. But as the interview progressed, it became obvious he had more than a few ideas of his own.

Nikko Securities Co., Ltd. emerged in 1944 from the combinotion of two companies, one of which hod o history extending bock to 1918. The company is o member of oll eight stock exchanges in Jopan, ond hos developed over the years as one of the country's four largest securities componies, octing as broker, deoler, underwriter ond distributor of oll types of securities. In recent yeors, the monogement has concentrated on expanding the internationol scope of the Nikko's operotions, ond it is now represented in 13 overseas locotions through six subsidiories ond five representotive offices, engoged in brokeroge, investment banking and merchont bonking octivities.

Financial Summary

In millions, except per share figures

	1983 (Interim)	1982	1981	1980	1979	1978
Revenues						
Commissions	¥61,216	¥100,904	¥129,117	¥103,944	¥108,687	¥119,156
Interest and dividend income	14,278	37,129	28,395	73,449	16,184	15,389
Gain on trading of securities	8,213	1,068	1,692	2,254	15,1651	17,167
Operating income	27,038	25,452	56,841	44,217	37,380	66,469
Income before taxes	26,117	28,696	59,760	44,247	37,905	63,971
Net income	0,892	14,561	23,710	18,317	21,035	32,591
Total assets	695,441	636,448	618,392	528,626	504,971	477,763
Net worth	247,367	237,365	232,474	195,968	183,510	169,646
Per share (* Annualized figure)						
Net income	15.7(*)	12.9	21.7	17.0	20.5	31.7
Dividends	—	6.0	6 0	6 0	6 0	7.0
Net worth	215	223	226	210	207	210

Murray: What is your ultimste aim for the company?

Umemura: Well, for the past 60 years we have been an influential force in the Japanese capital market, meeting varied demands of fund management and procurement. But that is no longer enough. Money and capital markets have undergone considerable liberalization to meet the demands of internationalization and the astounding progress that has been made in information and communications technologies. Then, the financial services industry is becoming more sophisticated and competitive. The clear-cut demarcation between securities and banking business is disappearing. This is opening up new areas of business opportunities for us, which at the same time creating extra competition in our traditional business lines. So, how we cope? Well, I see us evolving into a general financial services company. To dste, we have specialized in stocks and bonds. Now, we will be moving strongly into the information business so as to offer our customers the widest possible range of services for the management and procurement of financial assets in any market and involving any commodity. Customer needs will vary widely. Individual investors, for example, basically need standardized, low cost service, supplemented when necessary by tailored services of greater complexity. Corporations and institutional investors need something more sophisticated. We must offer complete management services, requiring the capability of providing real-time information on every commodity on world money markets.

Murray: Such a system will require outstanding communications. What plans do you have in the hardware area?

Umemura: We are currently investing heavily in the developing of an integrated communications system linking the head office in Tokyo with our 13 overseas offices. We will use a dedicated line to provide instant telephone, telex and facsimile services. A system linking the computers in all our offices for rapid exchanges of data is also being introduced. Nippon Telegraph & Telephone Public Corporation (NTT) is now developing a "Captain" system using telephone lines with television to feed informstion into individual homes. The public will also be sble to use their terminals to input information. This system is expected to be commercialized in late 1984 and it is our intention to use it to provide customers with a wide range of financial information. We also have a plsn for a computer system feeding securities information to overseas institutional investors. It should go into operation very soon, although I cannot give you an exact date now.

Information is major sales point

Murray: Good "software" obviously is of vital importance. What steps are you taking to improve your information-gathering ability.

Umemura: I believe this is one of our strongest sales points. Quality investment research is crucial to the expansion of our business. Our commitment is demonstrated by the activities of the Nikko Research Center (NRC) Ltd., established in 1970 as an independent organisation. We now have about 100 staff working on trends in the international economy as well as Japanese industries, securities markets and companies. In Japan, they are constantly visiting stock issuing companies, financial institutions and government agencies to obtain the latest information. This is broken up into several areas. First, there is snalysis of business conditions and general economic forecasts. Another group studies domestic and international laws and regulations concerning securities and taxation. We have a department constantly surveying and generating forecasts on international financial conditions, and another that studies trends in international securities msrkets, including the development of new investment vehicles. We have about 50 analysts who are constantly monitoring the performance of domestic stock exchange listed companies. There is also a specisl research department engaged in more long range studies of domestic and international economic social and political trends. Overseas, NRC has representatives in London and New York, and all our staff in the 13 overseas offices are expected to provide additional data on a regular basis.

Murray: What sort of corporate image do you wish to project?

Umemura: Basically, we want to be seen as an integrated financial company always attuned to our customers needs. I stress to all the staff that we live with the prosperity of our customers and that is the only basis for business. I also tell them that by their activities they are contributing to the prosperity of society and the economic development of Japan and the world in general. Our corporate image will be somewhat different between our domestic and international operations. In Japan, we aim at a wide range of customers from major corporations to the small individual investors, and neither is regarded as more important than the other as far as the provision of good service is concerned. Overseas, at present we are dealing mainly with institutional and corporate investors.

New opportunities are opening up

Murray: You mentioned earlier that the lines between different sectors of the financial services industry are blurring and that competition is increasing. What are your basic ideas for new financial products to cope with these new challenges?

Umemura: I think there are three basic directions in which we can move from now on. One approach is to make our existing functions even more sophisticated. For instance, many Japanese institutional investors are now very active overseas and they need to have a wide range of the latest international information and analysis. We can provide this through the activities of NRC, and our ability will be enhanced when the new communications systems we have been discussing become available. A second area which we cannot afford to neglect is the growing individual financial assets of the Japanese people. A lot of this is now in the form of bank deposits. But, if we can develop the right sort of vehicles, it should be possible to attract a large percentage of these personal assets. So, we have to concentrate on developing a popularization approach. Finally there are new areas of operations open to us, which were not available before because of legal restrictions. Between the traditional functions played by banks and securities houses, there are certain areas which we try and develop to increase our business. These include short-term financing, loans and the handling of commercial papers. Until very recently, it was not legally possible for securities companies in Japan to handle commercial papers. But a change in the law now makes it possible for both banks and securities houses to engage in this kind of business, although strictly speaking it is still not yet completely open to us.

Murray: As your business becomes more complex and sophisticated, how will you train and motivate your staff to maintain the high standards you have set for yourself?

Umemura: You have touched on a most important point. No matter how refined our information and communication techniques may be, they are, after all, only tools. The srt lies in the ability to comprehend quickly the changing needs of our customers. We put great stress on developing the sort of staff who can carry out this task. Each April, we have an intake of new employees and they are immediately sent off to our training centre for one-month "study camp". We don't really lock them up, but they do undergo intensive training, involving long days of lectures, case studies and problems which they have to solve. We slso stress the mental or spiritual aspects in this training, although we don't go in for Zen meditation or martial arts, as some companies do. The newcomers are then put to work within the company. But after a year on the job they return for another group training programme, and this is repeated after three years. When they reach management level they will again participste in a group study course. Another way we have of upgrading their business knowledge is by regular job rotation, so each employee can experience different kinds of work. They can also appreciate each other's problems better and work together as a team to develop the company's business.

Murray: Looking through your company annual report, it seems you are involved in many business lines not only related to the securities industry, but also in some that seem to have no connection whatsoever with it.

Umemura: Yes, we have made a conscious effort to diversify our business in order to anticipate any possible need of our clients. Some are fairly obvious offshoots, such as Nikko International Capital Management Co., Ltd., which was set up in 1981 to provide investment and advisory services to domestic and foreign clients. A subsidiary in the U.S. has done well in obtaining several large accounts from American pension funds. But there are several other subsidiaries and affiliates that directly or indirectly support our main activities. For exampie, there is one engaged in the development of land, commercial and residential properties and real estate brokerage. Another manages recreational fscilities and we are also involved in retailing. Nikko believes in a well-rounded corporate structure!

The Nikko Securities Co., Ltd.

Head Office: 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan Tel.; 283-2211

Subsidiaries: The Nikko Securities Co., (Europe) Ltd.:
Nikko House, 17 Godliman Street London EC4V 5BD, England Tel.; 1-248-9811

•New York •San Francisco •Los Angeles •Zurich •Frankfurt •Luxembourg •Hong Kong •Paris •Singapore •Sydney •Bahrain •Seoul

British airlines face problems over New York noise ban

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH and Continental airlines still using ageing Boeing 707 or Douglas DC-8 jet airliners for transatlantic charter operations could face difficulties this summer, following a decision by the Port of New York Authority — which also covers New Jersey — to ban such aircraft from July 20 because of their noise.

The UK airline most likely to be affected is British Airtours, which has a regular programme of flights with Boeing 707s into New York this summer. British Midland, the independent airline, has a series of flights planned for next year, but is not yet directly affected, although it is closely studying the situation.

The PNYA has responded to environmentalist criticism in the Greater New York area, by imposing the ban on "noisy" narrow-bodied jets, instead of waiting until U.S. Federal noise restrictions become effective in early 1985.

The ban is regarded as unconstitutional by the airlines involved, including U.S., UK and Continental operators. In addition to British Airtours, those affected could include U.S. charter operators such as Global International and Arista Airways, and Continental operators such as Tarom of Romania and Icelandair. A PNYA "blacklist" of 19 offending airlines is said to exist.

British Airtours has already lodged an appeal against the PNYA's decision, and is waiting to hear the outcome before deciding on further action.

The PNYA had originally planned to make its new noise restrictions effective from last January, but had granted temporary exemptions, which it has now decided to end from July 20, in face of mounting pressures from local residents surrounding Newark (New Jersey), La Guardia and Kennedy airports.

The airlines involved have several options open to them to offset the effects of the ban.

One is to fight the ban in U.S. courts.

The primary objection to the PNYA ban by the British operators is that all North Atlantic civil air transport operations between the UK and the U.S. are governed by the Bermuda Two air agreement. There is no provision in that treaty permitting unilateral action by an independent U.S. body, such as the PNYA, discriminating against UK airlines.

The UK Department of Trade would be bound to tell the UK airlines that they are entitled to continue flying despite the PNYA's ban and that if the latter took any action against them, it would be in breach of the treaty.

Another alternative solution to the problem would be for the UK airlines to accept the situation and revert to larger aircraft. But this would be expensive and would critically affect their costs.

BP heads for South China Sea oil fields

BY MARK BAKER IN PEKING

SASSOON VILLA is one of the great architectural oddities of the East: a mock Tudor mansion set amid groves of maple and poplars, croquet lawns and ornamental ponds in the suburbs of Shanghai, one of the most densely populated cities in the world.

Built by E. V. Sassoon, whose family made a fortune in opium, its baronial sitting room with 35-foot ceilings and a minstrels' gallery has most recently been a sanctuary for executives of British Petroleum, a splendid headquarters estimated to cost in excess of $250,000 a year in rent.

But now BP is packing up and switching its office to a smaller outbuilding and heading south. The signing last week of an agreement for a consortium led by BP to develop the first of the new oil exploration fields in the South China and Yellow seas has put the company at the forefront of British investors in China—and there will not be much time left for croquet.

The main purpose of the Shanghai base was to coordinate BP's initial exploratory work in the southern Yellow sea. With the signing of last week's agreement with the Chinese Government, the focus of administrative activity will now be in Guangzhou (Canton), where an office of between 80 and 100 will be built up over the next few months.

While BP officials are maintaining a dignified calm, it is obvious that they are delighted with the deal. The agreement is the first to be reached in exploration zones covering about 150,000 sq kms in the Yellow Sea and the South China Sea which have been surveyed since 1979.

Estimates have put the potential of the total area at between 30 and 150bn barrels of oil, with the emphasis at the lower end of the scale. About 90 per cent of that potential is seen in the South China Sea and the four blocks which the BP consortium has won there, covering about 10,000 sq kms, are believed to contain some of the most promising indicators.

Unofficial estimates are that the consortium could expect to reap 3bn barrels in the South China Sea and, on top of that, the fifth block in the Yellow Sea is regarded as perhaps the best in that area.

Some members of the consortium—BP, Broken Hill Proprietary of Australia, Petrobras of Brazil and the Canadians' Ranger Oil and Petro-Canada—have been inspired to describe the South China Sea's overall potential as "another North Sea."

BP opts for a more conservative public face, aware from its experiences in Brazil that promising indicators did not always live up to expectations. "We're certainly very, very pleased and BP does not usually say things like that unless it is," says Mr Michael Whittall, the company's Peking representative.

The deal follows more than four years' intensive research and negotiation during which BP has developed a close working relationship with the Chinese Government and the partners have spent between $25m and $30m.

BP undertook extensive seismic testing in the Yellow Sea as part of a co-ordinated programme under which various international oil companies tested sections of the lease areas and then pooled data before the bidding process began.

BP attributes the success of its bid, in part, to the gradual development of ties with the Chinese, a process which has involved more than a dozen visits to Britain by Chinese delegations under the sponsorship of BP and the training of Chinese drillers in Aberdeen.

Perhaps more important has been the composition of the partnership. The Chinese have been determined in offshore oil exploration, as in other fields, to spread the investment to aviod dependence on the Americans and the Japanese.

The consortium provided a near perfect mix with BP's experience and expertise, the participation of expanding companies from Australia and Canada—two countries with which China enjoys excellent relations—and the inclusion of a Third World partner in Brazil.

Details of how much the consortum will invest, its estimates of the oil potential and likely profit margins are being kept a close secret—both for normal commercial reasons and because the Chinese have insisted on confidentiality while they are still negotiating with about 30 other companies on remaining leases.

The basic deal is that the consortium will pay an initial $1m levy for each block and then bear all exploration costs until oil is found. After that, the Chinese can take a share of up to 51 per cent in the joint venture to develop the reserves.

The foreign investors will be able to recoup exploration costs from production and dispose of agreed shares of the oil as they see fit. Under model contracts released to all bidders last year, the foreigners pay an effective 17.5 per cent royalty on top of standard corporate tax.

The partners hope to begin on-site work in November with the goal of starting production in 1988. Initial activity will concentrate in the South China Sea where the four lease blocks form an arc about 200 kms off the mouth of the Pearl River, near Hong Kong.

For BP, which to date has only sold bunker fuel oil, marine lubricants and small quantities of chemicals to the Chinese, the deal will involve a rapid expansion. With a 45 per cent share of the foreign consortum, BP will act as operator for the venture.

Mr Whittall says the venture is part of the process of spreading BP's activity away from its basic interests in the North Sea and Alaska, a process that now has the company exploring for oil in 26 countries.

He disagrees that the slump in oil prices is making it a riskier venture. "This is looking long-term and, therefore, the current prices situation does not really have too much of an effect. In the long-term we reckon the returns will be adequate for the high-risk investment it is."

The BP deal is now expected to be the model for the other teams negotiating with China National Offshore Oil Corporation. Another eight or 10 agreements are expected to be signed within the next three months and the companies entering the final negotiating stage are believed to include Shell, Chevron, Elf - Acquitaine, Occidental, Texaco and Exxon.

India delays award of exploration contracts

By K. K. Sharma in New Delhi

THE INDIAN Government's plans to invite foreign oil companies to explore selected tracts in its continental shelf have received a setback because of the world wide surplus and decisions on awarding contracts have, therefore, been held in abeyance.

Rather than resume talks with the foreign oil companies which were asked if they were interested in exploration, the Government has decided to wait until the world oil situation stabilises. The reason apparently is that the companies are not at present willing to explore in areas where the full potential is unknown.

This means that no further offshore tracts will be explored for oil. Efforts are now to be focused on increasing production from the established Bombay High oilfields and other offshore tracts in the western shelf already yielding more than half India's production of 20m tonnes a year.

For the present, exploration and production in both offshore and onshore areas are to be restricted to the Government-owned Oil and Natural Gas Commission and Oil India.

● India is to buy some French Exocet missiles to fit them to Jaguar aircraft now being acquired from British Aerospace for the Indian Air Force. These are expected to be used for defence purposes in the Arabian Sea.

Reports quoting officials appeared in the Indian Press yesterday saying that an agreement had been reached in principle and studies have been started by the air force in collaboration with India's Aircraft Systems Testing Establishment to integrate the Exocet missile with the Jaguar.

Australia, Japan still split on ore prices

By Colin Chapman in Sydney

SERIOUS DIFFERENCES still remain between Australia and Japan over iron ore price negotiations due to resume in Tokyo later this week.

Australian producers have offered the Japanese price reductions of just over 11 per cent but have been confronted with a demand for cuts of over 15 per cent.

Difficult relations seem unlikely to have been improved by some extremely blunt talking in the past few days by Mr Brian Burke, the West Australian Premier, who has just returned from Japan, and in a weekend speech fiercely critical of Japan by Mr Lionel Bowen, the Deputy Prime Minister.

On his return to Western Australia—the centre of the country's iron ore industry—Mr Burke claimed the lengthy negotiations had already "damaged the long-term trading relationship" between the two parties, and warned that his Government would take a grave view of any price reduction more severe than that imposed by the Japanese on Brazil.

Mr Burke said that when Japanese officials had told him Pilbara region ore was inferior to that from Brazil, he had proposed an independent authority to assess the quality of Japanese imports but that the matter had been taken no further.

Mr Burke admitted to getting a lukewarm reception to his proposal that the Pilbara mines should increase their share of the Japanese market from the present 48 per cent progressively to 60 per cent. The Japanese had told him they could not see this being achieved until early in the next century, unless attitudes changed.

Fuel was added to the fire by a weekend speech by Mr Bowen who alleged that Australia had been "taken to the cleaners" by Japan over mineral resources ownership, particularly coal and iron.

"The Japanese must be laughing all the way to the bank because they are able to come in and control the resource development of this country," the Deputy Prime Minister told the New South Wales Labour Party conference.

"We are now in the situation of having to close mines because the Japanese have decided to buy their coal somewhere else.

"Or more cleverly, they admit a mistake. The mistake was that they over-estimated their need for coal. They over-estimated it by about 100 per cent, with the result that we have opened mines all over the country, thinking there was a market for them.

"In iron-ore, we now find we are being screwed down again. Because of negotiations we have limited ourselves virtually to one buyer.

Shop sales in three months at record volume

BY ROBIN PAULEY

THE REVIVAL of retail trade in Britain's shops and stores continued last month. Sales volume during the three months to April reached record levels, while sales in the first quarter were about 5 per cent above the level for the same period last year.

Figures published by the Trade Department yesterday put the provisional estimate for the seasonally adjusted index of retail sales volume in April at 112 (1978=100). This a slight improvement on the final figure for March (111.9) and, excluding the exceptional and traditionally high figure for the Christmas month (112.2), the index has advanced every month since last July.

The rate of growth each month is slowing down from the rapid rate started last summer when the mortgage interest rate tumbled at the same time as credit restrictions were eased. Consumers opted for spending rather than saving, and the household and electrical goods sectors experienced a quick and substantial revival as a result.

Retailers bave been able slowly to restore their profit margins, which had been severely pruned through three consecutive years of historically low trading levels, and have been helped further by the firmness of the recovery in spending in the usually low months such as October and February.

The provisional estimate, not seasonally adjusted, of the value of total retail sales in April is about 7 per cent higher than in April 1982. The average value of sales in the first four months of this year is 8 per cent up on the same period last year.

● Britain's net earnings from private sector invisible earnings could rise this year by about 10 per cent from last year's £5.5bn, Jeremy Stone writes.

This emerges from a survey of the prospects for some of the UK's main international service industries, issued yesterday by the Committee for Invisible Exports.

Invisible exports are the earnings from services provided by the UK to overseas customers, plus the income from UK investments overseas. The survey indicates that several of the major invisible export sectors could experience growth of as much as 15 per cent in normal sterling terms over the whole of 1983.

Among the better prospects are those forecast by commodity traders, who expect their earnings to rise by 15 or 20 per cent as world economic recovery tightens conditions in the markets, lifting prices and volumes. The lower sterling exchange rate will increase commissions in dollar denominated contracts.

Shake-up of Lloyd's top management

BY CHARLES BATCHELOR

LLOYD'S of London, the insurance market, is to streamline its management organisation and appoint senior executives to be responsible for external relations and finance.

The heads of six newly-created management departments – which replace the 17 which existed previously – will meet the secretary-general and the chief executive once a week to review developments. At present meetings are held once a month.

These changes, which were announced yesterday, represent the first major staff shake-up at the troubled insurance market since Mr Ian Hay Davison took up office as chief executive and deputy chairman in February.

Mr Davison said: "We have identified that hitherto there were 17 departments reporting to the secretary general. That is much too wide a span of control."

The new position of head of external relations has yet to be filled, but Lloyd's expects to name someone within a few weeks.

This person will be expected to develop relations with governments, legislators, the media and the regulatory and tax authorities in the UK and abroad.

"We are looking for a senior individual who will be our foreign secretary," Mr Davisoo said. "About 75 per cent of our business is done in dollars and we are bigger in the U.S. than we are in the UK."

Lloyd's has appointed Mr John Moir, 46, as head of finance from July 1. He is at present managing partner of Arthur Anderson & Co Canada.

Generating board plans wind power project

THE CENTRAL Electricity Generating Board (CEGB) plans to erect its first large-scale wind turbine, capable of generating enough power to serve a community of about 4,000 people, at Richborough, near Ramsgate, Kent. The 4 megawatt turbine is expected to cost about £10m and is planned to be in operation by 1985.

Sir Walter Marshall, CEGB chairman, said yesterday that the board's windpower strategy showed that it was not exclusively preoccupied with nuclear energy and coal.

CEGB officials emphasise that wind power is not yet economically viable and that environmental acceptance has yet to be established in Britain. The board is seeking planning permission for the Richborough scheme from the Dover local authority and from the Department of Energy.

It is expected that the machine selected will have twin blades with a total span of op to 90 metres, mounted on a steel or concrete column about 80 metres in height, about as tall as the dome of St. Paul's Cathedral in London.

Miners walk out

THE BRITISH delegation to the Mineworkers' International Federation (MIF) conference in Essen yesterday walked out in protest against being barred from arguing that the MIF should dissolve and assist in the formation of a new international federation to include both communist and non-communist unions.

Mr Arthur Scargill, the British miners' leader said later: "It is obvious to us that there are forces at work against true internationalism."

Rumasa decision

CLYDESDALE BANK, which has found itself entangled in the Rumasa affair, agreed in the High Court in London yesterday not to pay out on, or part with, a £123,125 bill of exchange.

The bill was issued by the London-based Edward Butler Vintners, a major importer of wines from Rumasa, the Spanish conglomerate which was expropriated by the Spanish Government two months ago. It was intended as payment for imports from a Rumasa group company, Compania Vinicola del Sur.

Clydesdale is one of four defendants to a writ issued by Rumasa last week in an attempt to get hold of the bill. The others are two Panamanian companies – Ceninver and Heyer Enterprises – and Banque De Depot Geneve.

Clydesdale's undertaking replaced a temporary order freezing the bill obtained last week by Rumasa. It will remain in force for seven days.

Rumasa yesterday gave a cross-undertaking to procure by tomorrow an indemnity from a London-based bank to protect Clydesdale against any claim that might be made as a result of its undertaking to the court.

Factory opposed

PLANS by a Singapore company to establish a polyethylene film factory in Scotland are being opposed by trade groups in Britain. Lamipak Industries could qualify for grants of np to 15 per cent of construction costs if it decides to go ahead with the factory at Livingston.

The Packaging and Industrial Films Association and the British Bag Federation say member companies already have 25 per cent spare capacity, and the new factory could lead to plant closures.

Lucas cuts back

LUCAS AEROSPACE is to shed 145 jobs at its factory in Hemel Hempstead. Lucas, which makes electrical components for the aerospace industry, said voluntary redundancies were needed if the company was to remain profitable.

Aurora chief goes

MR ARTHUR WATT, managing director of the British engineering, forgings and castings group Aurora, resigned yesterday as the company prepared the final stages of its financial reconstruction. Details of the reconstruction package are expected next week.

ICI offer rejected

LEADERS of six unions at Imperial Chemical Industries (ICI) plants have rejected a 5.1 per cent pay offer for 36,000 craft and manual workers. Last year's settlement was 8 per cent.

Malcolm Rutherford reports on how the UK constitution works

Alliance challenges the two-party system

IT IS widely assumed that Britaio is ona of the most – if not the most – stable parliamentary democracies in the world. How true is that?

The general election which will take place on June 9 could put the thesis to the test. For the first time for many years there is a potentially serious third party challenge to the two established parties: Labour and Conservative.

This comes from the Alliance, made up of the Social Democratic Party (SDP), which is mainly a breakaway movement from Labour, and the old Liberal Party. Together, they held 42 seats in the 635-seat Parliament which was dissolved last week.

These two parties have agreed to fight the election together and have shared out the constituencies where they will field candidates between them on a more or less equal basis. If the Alliance were to do well, by which is meent winning a large number of seats or even sufficient seats to hold the balance between the two main parties, there could be considerable political confusion.

Britain is a constitutional monarchy and the sovereign still has residual political powers, but in practice very rarely has to use them. One of those powers is to invite someone to form a government. The choice is usually obvious since there has been an election with a clear-cut result and the leader of the largest party becomes Prime Minister.

If there were several parties in Parliament, however, none of them with an overall majority, that choice could become difficult and the monarchy might just be back in politics.

That does not generally happen, largely because for many years Britain has had, to all intents and purposes, a two-party system. One party wins and the other loses.

This process is facilitated by the electoral system which is based on "first-past-the-post" or "winner takes all." There is no proportional representation and no second ballot, as in France, to allow the electorate a more considered choice. A party thet wins an overall majority of seats in the House of Commons naturally forms the government.

It does not even have to win a majority of the vote in percentage terms. In 1951, for example, Labour polled 49.2 per cent against the Conservatives' 48.6 per cent, but lost the election. Too many Labour voters were concentrated in urban constituencies.

Yet the idea nf the two party system as an essential tradition of British politics is not quite accurate. In the 1920s, with the rise of the Labour Party and the decline of the Liberals, there were three big parties. The general election of December 1923 produced the following result: Conservatives 258 seats, Labour 191 and Liberals 159.

It is not quite true either that the British tend only to hold general elections every five years. There were three between 1922 and 1924, two between 1964 and 1966 and two in 1974 alone.

Nor did third parties disappear altogether even after the Liberal decline. There remained the Liberals themselves, usually insignificant in terms of seats, but capable of doing well in by-elections – especially under a Conservative Government – and winning 23.0 per cent of the vote (though only 14 seats) in the general election of February 1974.

In practice, they had little influence on the outcome of a general election, but the possibility was always there, particularly when there wes a close fight between the two main parties. Mr Edward Heath, the former Conservative Prime Minister, canvassed the possibility of a coalition with the Liberals when he failed to win an overall majority in February 1974. The Liberals were then unprepared for it, and Labour took office.

There were also the nationalist parties: the Scottish and the Welsh. In the October election of 1974 the Scottish Nationalists won 11 seats and for a time became a considerable force in the House of Commons with their demands for devolution and a separate Scottish Assembly. It was the failure to carry devolution which largely contributed to the Labour Government's downfall in 1979.

Not least, there were the Ulster MPs. These could become even more important because the number of constituencies in Northern Ireland has been increased from 12 to 17 this time. The Ulster members used to be solidly pro-Conservative, but now tend to quarrel mainly among themselves. Yet a group of them could still hold the balance in a Parliament without an overall majority.

The main new factor, however, is the emergence of the Social Democratic Party and its alliance with the Liberals. In theory this is meant to make a vote for an alternative to the two main parties more "credible." It is certainly a striking fact about British politics that the combined vote for Labour and the Conservatives fell from 96.8 per cent in 1951 to 75 per cent in October 1974, and picked up only slightly when Mrs Margaret Thatcher won her victory in 1979.

The Alliance's performance in some by-elections and – until recently – in opinion polls suggests that it might be capable of making a significant breakthrough, despite the British electoral system.

BRITAIN GOES TO THE POLLS JUNE 9

Plaid Cymru changes policy on Europe

By Robin Reeves

IN A SHIFT of its position on Europe, the Welsh nationalist party Plaid Cymru has decided to oppose immediate withdrawal from the EEC.

Instead, it will seek an improvement in the terms of EEC membership.

The party, which had two MPs in the last Parliament, has long opposed EEC membership. It now takes the view that withdrawal would do more damage to Welsh agriculture and industry than staying in.

Mr Dafydd Thomas, who is seeking re-election as Plaid Cymru MP for Merioneth, said yesterday that to leave the EEC now would mean "withdrawing into a siege economy or becoming a mid-Atlantic American colony."

He made it clear that, in other respects, the party's election platform would be close to Labour's, with a Welsh dimension.

The party will fight all 38 Welsh seats. It woo 8 per cent of the Welsb vote at the last general election.

Conservatives gain ground

By Peter Riddell

THE Conservatives have significantly improved their standing since the 1979 general election among men, trade unionists, the older age groups, and those living in the south of England.

This is shown by a Market and Opinion Research International (Mori) survey published yesterday in the Standard, the London evening newspaper.

The survey was conducted between May 5 and 11 among a sample of 1,824 voters throughout the UK. It confirms findings of a big Tory lead, with the Conservatives having 46 per cent, Labour 32 per cent and the SDP/Liberal Alliance 22 per cent.

The Tories' standing with men has risen from 43 to 48 per cent since the last general election, while support from women has dropped from 47 to 44 per cent. Labour's share of the male vote has declined from 40 to 29 per cent since 1979.

Jenkins attacks national decline

BY IAN RODGER

THE SOCIAL Democratic Party and the Liberal Party were fighting the general election "to reverse a quarter century of national decline," Mr Roy Jenkins said yesterday at the SPD/Liberal Alliance's opening press conference.

The old politics had no solutions to the decline which had culminated in the highest level of unemployment in the country's economic history, Mr Jenkins, leader of the Alliance, said.

The Alliance sought to break the hold of the two class-dominated parties. It would seek to reform the electoral system and to promote partnership in industry through industrial democracy, profit-sharing and more democratic trade unions.

Mr Jenkins said the Alliance also intended to take decisive action to bring unemployment down. "By next year, 1½m people will have been unemployed for over a year. The social consequences of prolonged unemployment are unacceptable."

The Alliance, be said, also stood for "an open and generous-spirited internationalism – solidarity with the Nato alliance, firm support for the European Community and an awareness of our responsibility towards the less developed countries."

Labour's plan 'to build way out of slump'

BY OUR POLITICAL STAFF

THE LABOUR Party yesterday published its election manifesto – its programme for government – with a declaratioo by Mr Michael Foot, its leader, that "Britain cannot afford not to implement the programme."

The priorities were, he said in a foreword to the manifesto, "to get Britain back to work, to rebuild our shattered industries, to protect and enlarge our National Health Service and our other great social services, to help stop the nuclear arms race."

The money for the programme, be said, would come from "oil revenues now pouring down the drain, some of it will come from the hillions we waste on the dnle (unemployment) queues, some of it will come from the hillions now being allowed to be exported in investment abroad." The programme would be covered by the party's £11bn budget proposals.

The programme "to build our way out of the slump" includes action on:

Industry: Public enterprise would take the lead in investment, especially new technology, and would regenerate regional and inner city policies;

Prices: Labour would restrain prices through action on value added tax, rent, rates and fares;

Jobs: A crash programme of employment and training subsidies and allowances would be introduced, underpinned by a new five-year national plan agreed with the unions and employers. There would be a new investment bank, new industrial powers and the foundatim of a Department for Ecommic and Industrial Planning. Conservative trade union laws would be abolished and public enterprises sold by the Conservatives would be renationalised;

Defence: Trident missile programme to be cancelled, cruise missiles would nnt be deployed in the UK, discussion on removal of nuclear bases from Britain, and arms sales to repressive regimes banned;

EEC: Labour would open immediate negotiations with EEC partners. Legislation for Britain's withdrawal from the EEC would be completed "well within the lifetime of the Labour government;"

Energy: The nuclear power station programme would be ended and a new plan for coal launched;

Housing: Local outhorities would be helped to start a massive house-building and improvement programme with an immediate 50 per cent increase in investment. All rents would be frozen for the first full year;

Transport: More money to improve public services, keep down fares, and to electrify the railways;

Environment: Lead in petrol would be banned and an urgent start made on improving derelict inner cities;

Race: The Notinnality Act would be repealed and non-discriminatory immigration laws would be introduced;

Parliament: The House of Lords would have its law-making powers obolished;

Health and social security: Child benefits would be raised by £2 a week, pensions would be uprated with inflation and, in addition, increased by £1.45 for o single person and £2.25 for a married couple. Spending on the National Health Service would go up by at least 3 per cent a year in real terms and oo social services by at least 4 per cent;

Education: More money would be provided and the assisted places scheme and selection in secondary schools ended.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

ALMOST exactly a year ago on May 18 the hopes of Matthew Hypolite and Eileen Walsh—two aspirant busi ness people—were featured on this page. At the time both were busy preparing for the challenges ahead by attending a series of weekend courses sponsored and organised by the London Enterprise Agency and the Greater London Council Industrial Centre. Bnt our main purpose was to chart their progress in the real world.

Hypolite was at an advanced stage of planning Armadillo Publications, a brand new venture aimed at producing and distribnting picture and story books for West Indian children in the age bracket one to 10. Walsh, by contrast, had already bought three specialist employment agencies—London Domestics, Baby-sitters Unlimited and Nannies Unlimited—and faced the prohlem of expanding with the help of Just one full-time employee what had been a somewhat neglected business.

An article on August 10 last year described their early experiences and the limited advanees they had made. As the following articles illustrate, mnch has happened in the meantime—not all of it predictable.

The first hurdle

BY TIM DICKSON

ONLY 18 months after going into business on her own, Eileen Walsb has sold ber employment agencies to e new owner.

The apparent suddenness of the decision, however, reflects other commitments rather than any disillusionment with her first taste of seif employment.

Walsh reports indeed that she has made "a tidy profit" on the sale, has learnt e number of invaluahle lessons on the way, and is now raring to have "another go" at something else.

Ironically, the disposal of her three specialist agencies took place last month only a couple of weeks after plans to expand through acquisition fell through. "I was hoping to buy a complementary business, which was turning over £40,000 and add it to mine, which I had built up from about £15,000 turnover ot £25,000.

"When this didn't work out, I decided I wanted to help my husband with his computer business, whicb is expanding fast. At the same time I felt I would not be happy continuing to run sucb a small agency. It wasn't sufficiently gripping. I really needed a new challenge."

Walsh, meanwhile, is confident that next time she looks at a likely investment sbe will adopt e much more professional approach.

"When I bad a look et the agency 18 months ago I didn't have e clue ebout book-keeping. Now I reckon I could look at somebody's reasonably well kept books and see whether the true position is understated or overstated.

Eileen Walsh: Having sold out is raring to have another go

"I was incredibly naive about financial matters when I started out. Now I would have a whole string of questions to esk the owner of a business before I took a second look."

On day-to-day management, Walsh says she is a lot more realistic about the costs of running an office. "Most people think it's just rent and rates, hut there are a myriad of other things that you have to watch. For example, we bad to have somebody in to do the cleaning which even at £7.50p a week mounts np. Then there are the tiny items like loo paper, coffee and stationery which before you know where you are can add up to perhaps £1,000 to £2,000 a year. In a very small husiness these represent a big overhead."

*

Armadillo: "A hurrowing mammal of South America . . . often with habit of rolling itself into a ball when captured." Concise Oxford Dictionary.

Matthew Hypolite and his sister Teresa Williams could be forgiven if they feel trapped. For over tha past 12 to 18-months, the two young West Indians bave experienced many of the frustrations traditionally associated with converting a good idea into a viable husiness.

In spite of persistent efforts to get Armadillo Publications off the ground—tha main battla has been to get funds out of the Greater London Council—tha sad fact is that months after it should have been finished the money raising chapter of their story is still far from complete.

While they are still determined to succeed their experiences so far illustrate:

- the problems of getting started without a track record,
- tha bureaucratic obstacles which even a local authority keen to create new jobs can put in the way,
- and the distractions of having a full-time joh if you are trying to concentrate on establishing a new venture.

Hypolita and Williams have always placed most of their faith in the GLC as e source of seed capital. Although they have been encouraged by the London Enterprise Agency and a bank manager among others to believe that their idea is a good one, all are agreed that the likely demand for their products should first be tested by a feaslhility study.

Their ultimate aim is to fill what they and many educationalists see as a gap in the market—story books for yonng West Indian children living in Britain which would both entertain and instruct, helping to explain their history, cultural environment and their parents' homeland.

First approaches to the GLC for a £2,000 grant to be used towards the outside feasibility study were made well over a year ago. The plan was to follow this up with a test run in one particular area, using the results (if successful) to apply to the Greater London Enterprise Board (GLEB) for much more substantial support. (Start Up costs are estimated at £25,000 but working capltal requirements in the first year are likely to be closer to £75,000).

Dealings with the GLC, however, have been consistently dogged by long delays. Discussions have taken place with its Ethnic Minority Unit and its Economic Policy Group, but in spite of verbal encouragement neither has yet managed to put up a formal recommendation to committee for the money.

A GLC spokesman admitted: "Unfortunately Mr Hypolite and Mrs Williams approached us at a time when the mechanism for dealing with a business proposal such as this had not been set up. I think there is a better chance now."

Says Williams: "At one stage they tried to pressurise us into forming a co-operative. At least they said the money would come through much more quickly if we did. Bot we don't want to.

"Another delay occurred after we had fixed up details with the outside consultants. The GLC said it wanted a breakdown of the figures and then it decided we should follow this by doing e mock-up rather than doing the test run."

Armadillo, meanwhile, has bad a much more positive response from Hammersmith and Folham Business Resources, an enterprise agency in West London, where the company eventually bopes to find premises.

Says Tony Lloyd, a secondee from IBM who has earmarked a £2,000 marketing grant for Armadillo, "We are convinced that they bave a good product and that the business plan, although not good enough yet to get support from the bank, is certainly worth a go."

Hammersmith is willing that its grant be used for this purpose—but would prefer to see funds forthcoming from the GLC.

At the same time Hypolite, who is organising a community project in North London, and Williams—who works in a special school—both admit their full-time jobs leeve little time for chasing council officials and keeping the momentum going. Worryingly perhaps there has been only one contact with tutors of the GLC/LEntA course—and little back up support seems to be available.

Matthew Hypolite: still determined to succeed

Managers on loan

A fresh perspective

JUST A few weeks ago former transport executive Andrew Forrest was deeply despondent about his joh prospects in the North East.

Today — thanks to a new "Rent A Manager" scheme for small firms currently being run in the region — 40 year old Forrest looks set to build a new career with a small Tyneside flooring contractor.

At the moment, he is one of 16 redundant senior or middle managers effectively on a "free loan" to local businesses — some of them struggling, the others looking for opportunities to expand.

Organised by the lively Sunderland Polytechnic Small Business Centre and sponsored by the Manpower Services Commission and Tyne and Wear Enterprise Trust, the project is aimed both at broadening executive's horizons — giving them an insight into how a small business works — and giving needy local businesses the henefit of an experienced manager's wisdom and advice. Such an idea was first pioneered at Durham University Business School and has since been taken up hy MSC at other locations in the country besides Tyne and Wear.

In Forrest'a case at least everything seems to ba going according to plan. He bas, for example, pointed to deficiencies in the "client" company's organisation, encouraged it to chase up some £50,000 of overdua debts, and persuaded the proprietor to buy a microcomputer so ha can spend more time marketing and less on preparing estimates for existing customers. In the process he appears to have carved out a new job for himself. "We've only talked abont it informally so there's nothing in writing yet." explains Forrest. "All being well I should be earning tha same as I was in my previous post and I've got the challenge of a new career."

Not everyone on the "course"—participants go through four weeks' preparation at Sunderland Poly — is happy at this stage. Discussions at a lively mid-course seminar last week highlighted the potential pitfalls of the "Rent a Manager" approach.

- At least a couple of the redundant executives, for example, are clearly incompatible with the owner managers whom they have been asked to assist.
- In several cases there is no hope of the candidate getting a full time "placement."
- Some resent being used as "cheap" labour. (The MSC pays a nominal weekly grant while the companies pay travelling expenses.)
- Some owner managers apparently do not listen and refuse to put up hard cash to develop the ideas put forward by their otherwise "free" consultant.

Terry Gorman, for example, formerly employed by Allied Applied Chemicals, reckons he has "no chance" of a job with the family-owned chemical analysts he has been sent to support. "I do feel that there is an inherent conflict of interests," he says. "From my point of view, the whole idea is to get a job wbereas Tyne and Wear Enterprise Trust want to

he seen to be creating employment generally and solving small husiness prohlems. They have dangled a carrot to the two different parties—but they are different carrots."

While technically Gorman's background seems ideally suited, temperamentally ha and the father and son owners are ill-matched. According to outside observers as well father passed on the husiness to son for tax purposes, but retains tight operational control. "I feel that the world has changed and that be needs to diversify," says Gorman.

A former sales executive with a brewery company is even more disgruntled. His introduction to his first small company—a poultry producer—coincided with a visit from the Government health inspector. When be discovered that the businessman concerned operates permanently in squalid conditions be simply walked out. He is clearly making little progress with the company picked as replacement. "You only get one chance with this project and too much of it is luck," he says ruefully.

There are, of course, bound to be teething problems with a new experiment and with four weeks of the programme to run there are already plenty of hopeful signs.

Don Litster, for example, formerly works manager at a subsidiary of BICC, applied for the project after numerous job applications had fallen through. Besides, by all accounts, putting back onto its feet a struggling furniture stripping franchise, Litster says he has "gained great comfort meeting others who know what it's like to be out of work. It's given me back much of my self confidence." Happily the small business experience will also stand him in good atead in the future—for quite independently of the project a small hut expanding family metal processing business outside Oxford has just offered him a post.

Derek Tilley, meanwhile, is an unusual participant in that his own small printing company went into voluntary liquidation earlier this year. He admits he made mistakes but ha also feels he was unlocky to have started up in 1980/81 "before many of the aid schemes were launcbed."

Tilley who, ironically perhaps, is belping two established businesses — a private steel foundry and a plastics company —has no chance of a job at the end of the course. "I'm doing it because it's hetter than moping around at home. It's keeping me going. I've applied for 40 jobs without success—it's amazing how industry contacts disappear when you are looking for work. Even though my house is on the line and I owe the bank £11,000, I'm not bitter. I'd have a go on my own again if tha right opportunity came up."

Tim Dickson

BUSINESS OPPORTUNITIES

FINANCIAL CONSULTANTS

We are a Dallas, Texas based multi-faceted investment company involved in acquisition, development and sale of real estate projects such as a fantastic 250 townhome lakeside project: development of 108 magnificent luxury homes, a tremendous 200,000 sq. ft. office tower and the subdivision, development and sale of over 3,000 residential buildings lots. We are also owners of a TV production company located in Dallas, Texas and Hollywood, California. We are currently syndicating one of our shows nationwide. Our firm is owner of a major Oklahoma horse breeding and race training ranch which we will be syndicating worldwide. To special investors we also participate in the funding of major oil and gas ventures.

We are looking for financial consultants with a clientele who can invest from $15,000 USD in syndications to several million on a joint venture basis with our firm. We participate in each project with our investors.

If you are looking for a complete range of investment products to offer your clientele with top earnings, then let us hear from you.

To arrange a personal and confidential interview in Europe, please write to:

Box A8204, Financial Times, 10 Cannon Street, London, EC4P 4BY

Commercial Woodlands

NEAR LLANIDLOES, POWYS, MID WALES

505 acres of well established plantations for sale as a whole or in 11 Lots. Tailored to meet the requirements of either the institutional or private investor.

Particulars from: The Forestry Commission, Victoria House, Victoria Terrace, Aberystwyth, Dyfed SY23 2DA. Telephone 0970 612367 Extension 42.

Forestry Commission

A WORKING PARTNER is required for

SECURITY SYSTEMS COMPANY

SOUTH AFRICA

Based in Johannesburg. We are a thriving and long-established business. We undertake the design and installation of high-quality electronics security and surveillence systems for private, commercial and government clients. The founder now wishes to retire after 40 years to concentrate on research and development. Investment is of the order of £120,000.

For initial discussion please contact our UK associate in writing at 3 CHURCH LANE, WEXHAM, SLOUGH, BERKSHIRE SL3 6LA

RAPIDLY EXPANDING

U.K. PAPER CONVERTERS

would like to hear from Paper Merchants and/or Paper Mills with a view to possible merger/acquisition. The Company's strength lies in its financial resources and captive export markets. Enquiries from public companies particularly welcome.

Principals only reply in confidence to Box F4045 Financial Times, 10 Cannon Street, London EC4P 4BY

NORTH BRITON

Chief Executive/director of privately owned Scottish company seeks commissions/agencies in the north to utilise: 30 years' selling/commercial/negotiating experience. Own boss. Scottish CA. Business builder. No retainer. Glasgow city centre offices. Capital and connections available.

Replies are requested to be as informative as possible.

Write Box F4057, Financial Times 10 Cannon Street, EC4P 4BY

A JAPANESE COMPANY

with close connections with major companies in industry and commerce offers, together with its English associates (who have over 30 years' experience in Japan) its services to suitable British companies wishing to enter Japanese market. Services include guidance on negotiating contracts and franchises, marketing, market supervision, appointing of agents, patents. It would like to hear from UK companies wishing to acquire franchises for computer hardware, micro technology, electronic communication systems and cosmetics.

Write Box F4056, Financial Times 10 Cannon Street, EC4P 4BY

In-Store Photo Developing & Printing

—A ONE HOUR SAME DAY SERVICE

In 300 sq. ft. of floor space you can operate a Hope Perfect-Flow photographic processing lab., offering a one hour or same day service to your customers. Just consider the implications....

The cost? About £55,000 for the hardware. The returns? We've got some figures that will make your eyes pop!

Contact John Allen,
HOPE INDUSTRIES UK LTD.,
Northbridge Road, Berkhamsted, Herts.
HP4 1EH. Tel: (04427) 74792.

F20 DIESEL FUEL SAVER

We are seeking companies in the UK who are bulk users of Derv or who have contacts with existing users of diesel (marine, road or rail) to sell our successful product which gives documented fuel saving of 5-20%.

Principals please apply to:

Combustion Chemicals MHL Ltd
10 Newman Lane Industrial Estate
Alton, Hants GU34 2QR
Tel: 0420 83301 - Telex: 858423

YEAR-END TAX PROBLEMS?

Shelter that Corporation Tax bill by investing in containers and earn a return on capital of up to 36% p.a. Individuals too can earn up to 17% tax free.

LANDLESS CONTAINERS LIMITED

Freepost, Camberley, Surrey GU15 2BR
Tlx 858937. Tel (0276) 682011 (24 hrs)

OFFSHORE TAX SHELTER

Confidential Qualified Advice

OFFSHORE LIMITED COMPANIES £110

Complete Administration Services including Accounting, Nominee Officers, Registered Office facilities Isle of Man/worldwide

OFMS Limited, Ballacurrie House
Summerhill, Isle of Man
Telephone: 0624 28020

EXCLUSIVE DISTRIBUTORSHIP

Available for revolutionary health care products (orthopaedic sector — no competition). On behalf of the producer, we are looking for a partner who already has — or is prepared to establish — a sales network. £15,000 to £30,000 of own capital is a precondition. European and USA patents have been granted.

Serious enquiries addressed to:

CMMS HORST A. R. WARNECKE
Lerchenbühl 19, D-8501 Eckental 1
West Germany

SECURE YOUR FUTURE IN AMERICA

Unique service by international consulting firm places your company or family in U.S. Complete investment, tax and relocation services. Also homes and schools. For details and free brochure write:

TransContinental Services (F)
575 Madison Ave, Ste 1006
New York, NY 10022, USA
Tel: (212) 772 1686 - Telex: 237699

ACCOUNTANCY EXPERIENCE

Put it into practice

Your Own Practice!

And provide a unique service to clients—backed by the expertise and specialist knowledge of RBS Associates, Europe's leading franchised accountancy service.

Only qualified by experience, you will need a desire to run your own business, help and advise others, and be part of a nationwide group of successful practices.

RBS will provide intensive training, technical support and client development. You will need a cash investment of £6,000-£10,000 to help finance your practice, the balance arranged through either Barclays, Lloyds or National Westminster banks, with special facilities arranged by RBS.

So, if you think you fit our bill, fill in the coupon and send for our detailed brochure and application form.

Send coupon to: RBS Associates, Patrick Crayford LLB, RBS Regional House, Troy Road, Horsforth, Leeds LS18 5AZ. Tel. Leeds (0532) 589225

RBS ASSOCIATES

Please send me written details and application form.

NAME ______

ADDRESS ______

______ TEL NO. ______

FT 30617

We have the clients–if you have the experience

A NEW VENTURE WITH LARGE TAX BENEFITS

Successful trading or investment companies with surplus cash (£50,000-£5 million) should seriously investigate both the commercial opportunities and attractive tax consequences of commencing a leasing trade within their existing company or in a subsidiary.

100% capital allowances generated can be offset against otherwise taxable profits from your normal trade, reducing or eliminating the tax bill.

Excellent guaranteed, fixed rate returns will be highly profitable as interest rates fall. We can provide all the necessary advice, expertise and introductions to first class lessee situations for a small brokerage charge.

For full details please WRITE your name on a letterheading and post to me TODAY.

Managing Director (Dept FVF)
ACKRILL, CARR & PARTNERS LIMITED
Tricorn House, Hagley Road, Birmingham B16 8TP
(We regret no telephone enquiries can be accepted)

EIU The Economist Intelligence Unit

Special Report No. 105 (Updated to March 1983)

Tax havens and their uses

As taxes steadily eat their way into corporate profits and disposable personal income, tax havens offer an opportunity of avoiding some or all of the burden. It shows what individual havens offer to both companies and individuals.

Price £30. Payment with order please to
The Economist Intelligence Unit Limited,
Subscription Department (FT),
27 St James's Place, London SW1A 1NT. Telephone: 01-493 6711

AIR CONDITIONING AND HEATING

Financial Partner Required

A rapidly expanding Group providing mechanical and electrical engineering services for commercial and industrial buildings. Turnover £1.5m. 3 year trading record. Central London based. Contracts throughout Southern England. Partner required with £200,000 capital to assist expansion programme.

Principals only reply in confidence to the Managing Director Box F4050, Financial Times 10 Cannon Street, London EC4P 4BY

U.S. EXPATRIATES

A professional CPA firm can make your U.S. taxes less taxing.

We're Bateman & Co., Inc., P.C. of Houston, Texas, with more than 15 years expatriate tax experience. L. J. McGrath, CPA will be in

LONDON, May 23-27, 1983

Contact Miss Vivienne Bushell
3 Field Court, London WC1,
01-405 4704 for appointment.

Bateman & Co., Inc., P.C.
Certified Public Accountants
Houston, Tx.

Dial direct from your own car!

In-car telephones supplied and fitted by the specialists. Thousands of new lines available now in the South East. ● Latest B.T. approved direct-dial equipment ● Dial national and international numbers ● 80 number 'memory', automatic dialling/re-dialling features ● Easy fitting ● Easy to pay for.

In Car Telephones

144 Gloucester Place, London NW1.
Tel: (01) 723 1699 Telex: 444209

RETAILERS

FOR SALE LONDON N.1

Valuable Mainroad Leasehold Property (currently established business) in high potential position/area. 750 sq ft ground-floor plus large basement and residential. 4 years left, easily renewable. Potential early F/H purchase. Separate 1,300 sq ft warehouse also available, 5 minutes away.

For further information please reply to Box F4038, Financial Times 10 Cannon Street, EC4P 4BY

FACILITIES IN HOUSTON, TEXAS

British group having prestigious offices in Houston wish to sublet part fully furnished and with full secretarial and support facilities as required to assist with temporary representation or establishment of own operations, minimum 6 months let.

Interested parties please contact:
Mr A. H. Armstrong at London HQ
Tel: 01-640 1219

INCOME TAX RELIEF

Expanding West Yorkshire company requires medium term capital. Ideal for relief under new Business Expansion Scheme. Min. £1,000.

Apply: Heaton, Lumb, Lisle & Co
Chartered Accountants
32a Church Lane, Pudsey, W. Yorks
LS28 7RF quoting Ref: DPL/A

AGRICULTURAL CONSULTANCY

Agriculturalist B.Sc. Hons. with capital sums available requires equity participation and working involvement in Agricultural Consultancy with actual or potential overseas interest, possibly where present Director is retiring.

Please write in strictest confidence to Box F.4060, Financial Times, 10, Cannon Street, London EC4P 4BY.

CANADIAN COMPANY

Excellent references Canada - U.S.A. seeks to represent companies wishing to trade into North America.

Member of Institute of Directors European Association.

Mr. C. C. King
PROTRADE INTERNATIONAL TRADING INC.
801 York Mills Road, Don Mills, Ontario, M3B 1X7 CANADA
Phone: 416-444-2182
Telex PROTRADE 06-966710 VIPTOR

SHELL COMPANY

Advertiser is established financial group controlling a small shell company. Suitable for reverse injection. Control available to appropriate candidate.

Write Box F4067, Financial Times 10 Cannon Street, EC4P 4BY

A STONE CLADDING AND TEXTURE COATING COMPANY

has a complete business package to offer enterprising individuals or marketing companies

Tel: Warrington (0925) 54448 for details

NIGERIA

UNCONFIRMED L/CS ACCEPTED

Exporters accept to ship against unconfirmed L/Cs of major Nigerian banks, any goods, any origin. D/P 180-360 days or 2-3 years negotiable. Min. invoice of US$100,000 up to US$50m. Also interested other African markets.

Please write with details to: Box F4059, Financial Times 10 Cannon Street, EC4P 4BY

CONTROLLED EXPORTS INC.

We are international traders in clearance lines, surplus and redundant stocks and are currently looking for merchandise to be distributed mainly in the USA, Europe and UK. *Please contact:*

John Davey on 01-486 8591
TELEX: 291056 KAYBEE

URGENTLY REQUIRED

By an international purchasing organisation who pay the best prices and give immediate decision for discounted redundant and liquidated stocks of high quality gift orientated merchandise. Utmost discretion given to brand names.

Phone Mr Abramson or Caroline Eddleston
Tel: 061-834 3778
Telex: 666534 RONMAR G

HOME COUNTIES BASED INTERIOR DESIGN GROUP

seeks expansion by merger or acquisition with other similar organisations, preferably with a base of office planning or retailing design. Arrangements can be made to suit practices with partners seeking early retirement.

Please reply in the first instance for reasons of confidentiality to:
Box F.4055, Financial Times, 10, Cannon Street, London EC4P 4BY.

EXPORT TO U.S.

Financial support/backing offered for suitable export products by UK company active in California and Texas.

Write giving full details to Box F4054, Financial Times 10 Cannon Street, EC4P 4BY

REPLACEMENT WINDOWS

A manufacturer and installer of aluminium replacement windows and doors operating in the South East with an expanding turnover currently in excess of £3½m seeks a merger with larger organisation.

Write Box F4047, Financial Times 10 Cannon Street, EC4P 4BY

DIRECTORS' PENSIONS

Individually designed privately invested pension funds
All the usual tax advantages plus full control over investment
Less expensive than similar insurance company schemes.

Contact:
Peter Spencer, A.P.M.I.
CAPITAL PLANS LIMITED
10-11 Park Place, St. James's London SW1A 1LT
Telephone: 01-408 2007

BUSINESS SALES: Send for list of Commercial Businesses for sale or investment UK and overseas. Capital from £20K up to £1m. Business Sales Ltd., 8 Park Road, Beckenham, BR3 1QD.

COMPANY SEARCHES £8 + VAT (also Quick Information, Projects, Research). Telephone: DATASEARCH 0225 60828.

BRUSHLESS VEHICLE WASHING—Small N.W. Private Company has developed very effective lorry wash and seeks partner for final development and marketing—franchise scope. Continuing chemical sales. Write Box F.4052, Financial Times, 10, Cannon Street, London EC4P 4BY.

FUNDS AVAILABLE NOW

- SHOP PURCHASE
- GUEST HOUSE/HOTEL REST HOME PURCHASE
- MORTGAGE LOANS
- BRIDGING LOANS

£25,000 Upwards

Beneficial Trust

Capital for expansion? Call Chesham first.

Mergers. Loss making subsidiary disposals. Capital for expansion. Management buy outs

When you're deciding between the possible methods of financing your expansion, you'll need specialist independent advice. The right capital mix, bank loans, venture or institutional capital, the unlisted securities market, grants, share structure etc.

With Chesham's experience, contacts and often innovative approach, we can provide a comprehensive service that'll cover all your needs. So if you're thinking of expanding your company, it makes sense to come to us first.

CHESHAM

36 Chesham Place London SW1X 8HE. 01-235 4551 Telex 917229

BIRMINGHAM (021) 233 2082 BRISTOL (0272) 213923 EDINBURGH (031) 226 7237 MANCHESTER (061) 228 2580

FOR THE ATTENTION OF A MARKETING COMPANY

AN IMPORTANT HOTEL CHAIN WHICH INCLUDES 2★, 3★ & 4★ HOTELS FITTED OUT AS HOLIDAY RESIDENCES

LOCATED IN MAJORCA, ANDALUSIA AND MOROCCO

Has created and launched since 1978 an original formula of rights of residence sales (" multi-property " type) and has achieved over 2,500 sales contracts.

This hotel chain has now decided to extend its activities to Great Britain and to entrust the sales promotion of this market to a:

STRUCTURED MARKETING COMPANY

having a sales network capable of carrying out the marketing of its products. Very high commissions on sales. Commercial assistance and know-how guaranteed. High quality promotional colour brochures available.

Please write urgently to:

HOTEL MAJORICA
DIRECTION DU SERVICE INTERNATIONAL
Calle Garita 3, La Bonanova, Palma de Mallorca (Spain)

CABLE TELEVISION

Major United States operator and provider of cable television systems seeks contact with United Kingdom consortiums seeking to enter this field. For further information please contact:

Mr P. S. Henwood
Kidsons, Chartered Accountants
Tower Street Centre, Ramsey, Isle of Man
Telephone: 0624 813571

Company Acquisitions

As company brokers we have been assisting a variety of organisations in their acquisition requirements for almost 25 years. We are now able to undertake some additional assignments.

Write: S. Bunker F.C.I.S., J. Mosley & Partners Limited
31 Hill Avenue, Amersham, Bucks HP6 5BX

PARTNER/CO-DIRECTOR

required by international machinery company specialising all types used machinery but primarily "plastics" and "rubber, paper, machine tools and general plant. Managing Director needs close colleague to help with general management and administration but ability to negotiate sales of prime importance although consideration given to investor with accountancy and financial skills. Company requires capital up to £100,000 to take advantage of buying opportunities. Substantial equity offered to right person with adequate funds.

Write Box F4063 Financial Times 10 Cannon Street, EC4P 4BY

HI-TECH UNITS FOR HI-TECH COMPANIES

Listerhills at Bradford University

- Space available from 1,000 sq.ft. – modular design allows for easy expansion.
- Easy in – easy out tenancy agreements.
- Suitable, adaptable accommodation for office, laboratory and manufacturing use.
- Rents from £75 per week.
- Access to university staff and facilities.
- On-site management support available on a day to day basis.
- For further details phone Charles Monck on Bradford (0274) 306017.

ENGLISH INDUSTRIAL ESTATES

FINANCIAL OFFERS ARE INVITED TO DEVELOP A CENTRAL LONDON FILM AND TELEVISION STUDIO

Planning permission is already granted. Operating from the existing studios are expanding film and television production and distribution companies with ongoing contracts and film rights.

Write Box F4051, Financial Times 10 Cannon Street, EC4P 4BY

FINANCE/CAPITAL REQUIRED FOR SPECIALIST CAR STOCKS

We are a determined company with all the necessary ingredients for success. We wish to fully stock our new prestigious premises to take maximum advantage of the growing demand. Excellent profits on investment. For further details write to Box F.4061, Financial Times, 10, Cannon Street, London EC4P 4BY.

LIQUIDATED STOCK

2 Rank Xerox 3107 plain paper copiers A3, A4 and reduction (last list price £2650). £725 guaranteed
3 Rank Xerox 660 desk top plain paper copiers—A4 foolscap (last list price reconditioned £695) £230 guaranteed
1 Canon NP 120—A4, B4, A5, B5 —as new £850.
2 Panasonic 1501 desk top plain paper copier—as new A4 foolscap A3—£900 guaranteed

All guaranteed machines have been fully reconditioned by our qualified engineers.

Ref: CS Tel: (089286) 2024

FAR EAST

Interested in trading with CHINA or S. KOREA

if so whether buying or selling we can help, our MD regularly visits these countries

Please phone or telex:

OUTSIGN LIMITED
Telex: 948845 OUTSGN G
Telephone: 02812 5161

CORPORATE LESSORS REQUIRED

FOR RANGE OF SMALL UNIT LEASING £250 to £2,500 PER DEAL

Tax shelter plus minimum earnings of 5% over base rate inclusive of administration. Minimum £20,000

Write Box F4088, Financial Times 10 Cannon Street, EC4P 4BY

PROGRESSIVE COMPANY

Manufacturing Home Leisure Products requires Additional Investment Capital on either loan or equity basis

Please reply Box F4030 Financial Times
10 Cannon Street, EC4P 4BY

NEW PRODUCTS INTERNATIONAL

A new monthly publication to keep you abreast with the very latest new product development worldwide. *For details of a FREE TRIAL OFFER, write today:*

New Products International
Dept FT22
15 Salvage Lane, London NW7 3SS

BUSINESS OPPORTUNITIES

Financial and Managerial backing available to person needing support for start up or expansion programme

Write with full details to Box F4053, Financial Times 10 Cannon Street, EC4P 4BY

TIMESHARE

Equity participation in U.K. Company

Investment opportunity available in new UK timeshare project using Business Enterprise Scheme tax benefits

Sandy Grey & Associates
Hodsock, Worksop, Notts S81 0TF

OFFSHORE & UK COMPANIES

READY MADE OR TO SUIT
Isle of Man, Caribbean, Liberia, etc.
Full domiciliary & nominee services
Bank accounts opened

SELECT COMPANY FORMATIONS
Mt Pleasant, Douglas, Isle of Man
Tel: Douglas (0624) 23718
Telex 628554 SELECT G

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £97 INCLUSIVE
READY MADE £105
COMPANY SEARCHES

EXPRESS CO REGISTRATIONS LTD
Epworth House
25-35 City Road, London, EC1
01-628 5434/5, 7361, 9936

PLANT AND MACHINERY

ROLLING MILLS, SLITTING LINES, WIRE AND ROD PLANT. Tel: 0902 46541. Telex 336414, Wednesbury Machine.

TAX efficient package available, tailor-made for high tax payer. Write Box F.4064, Financial Times, 10, Cannon Street, London EC4P 4BY.

NEW PRODUCTS JOINT VENTURES ACQUISITIONS FROM NORTH AMERICA

We have a successful record in helping companies who are looking for growth through U.S. technology.

Please contact us to arrange an exploratory meeting.

BRYLGROVE INTERNATIONAL LIMITED
Gordon House, Station Road, Mill Hill, London NW7 2JU
Telephone: 01-906 0916

LEASING

Our equipment leasing service provides our corporate clients with:

TAX EFFICIENT — RAPID PAYBACK
SECURE — PROFITABLE BUSINESS

For details of how Equipment Leasing can be tailored to your company's forward planning please contact:

John Lenton or Melvyn Bryant

AITKEN HUME LEASING LIMITED

15 Christopher Street, London EC2A 2HA
or telephone: 01-377 1040

AUSTRALIA

Important Australian public group of companies with over 150 years experience in representing UK and Continental manufacturers seeks new trading opportunities. Areas of particular interest are coal and mineral processing equipment, engineering and timber industries. Companies anxious to strengthen their presence in Australia should contact our UK Director to discuss areas of possible co-operation.

Brian Roberts
PARBURY HENTY & COMPANY LTD.
Kingswick House, Sunninghill, Berkshire
Telephone: Ascot (0990) 23491 Telex: 848980

YOUR INSTANT LONDON OFFICE £62.50 Per month

To companies and individuals who would like a London Office but cannot justify their own premises because of limited utilisation, we offer:

Part-time use of Mayfair Office/conference room, Mailing Address, Telex, Telephone Answering, Typing, Photocopying, Word Processing, Secretarial, Executive and Sales Support.

U.K. and Offshore company formation and Administration. In other words, your ready-made branch complete with Staff and equipment for a minimum outlay of cash.

For details telephone Lloyd Adams 01-499 0321 or write to Box F3590, Financial Times 10 Cannon Street, London EC4P 4BY

Severe Financial Pressure?

WE CAN HELP

Receivership a possibility?

Listed UK Group with diverse interests can offer new capital and management assistance to companies with potential.

Initial approach welcome from principals or their advisers.

Contact: Development and Acquisition Manager
CENTREWAY INDUSTRIES plc
1 Waterloo Street
Birmingham B2 5PG
Tel: 021-643 3841

EXPERIENCED

INVESTMENT ANALYST

offers his services in the preparation of documents for both public and private companies for use in bank presentations prospective investments, takeovers, and portfolio evaluation. Excellent references available and discretion assured.

Write Box F4066, Financial Times 10 Cannon Street, EC4P 4BY

MULTI NATIONAL COMPANY MAKES 1500 REDUNDANCIES

LARGE QUANTITIES OF OFFICE EQUIPMENT
DESKS FROM £25.00 TO £600.00
CHAIRS FROM £10.00 TO £200.00
BOARDROOM FURNITURE ETC.

CONTACT: 01-549 9339

TRADE BILLS + INVOICES DISCOUNTED

Fine Rates

Jenkin & Purser Holdings plc
Bank Chambers, Bournehall Road
Bushey, Herts
Tel: 01-950 6189
Telex: 266858 FINANC G

REPRESENTATIVES

Calling on City companies required to introduce new service. Interesting subject, no competition, high commission

Ring 01-892 5421 for further details

PROPERTY FINANCE

Loan/equity/participation funds available for small to medium proposals £25,000-£200,000

C.P. (LONDON) LTD.
PO Box 700, London W5 3HN
Tel: 01-992 4340 - (Ref: 518)

BUSINESS OPPORTUNITIES

U.S. investment co. require UK manufacturers, interested in introducing their products to new department stores in the USA and Saudi Arabia, due to open early 1984. *Send catalogues & details to:* 95 York Street, London, W1

All enquiries will be acknowledged

FREEHOLD PROPERTY

Let to absolute Gilt-Edge Tenant on 50 year lease, at £30,000 per year, with 7 year revision. Price required will show investor 5%.

Write Box F4069, Financial Times 10 Cannon Street, EC4P 4BY

MORTGAGES

on income-producing Properties at Competitive Rates

Write or telephone:

HIRSCH MORTGAGE (INT)
15 BERKELEY STREET, W1
Tel: 6295051 Telex: 28374

NON-EXEC DIRECTORS

Newly established London based company with interests in Project Management, Engineering and Financial Consultancy, International Trade, seeks progressive non-exec Directors capable of assisting in rapid expansion programme.

Write Box F4068, Financial Times 10 Cannon Street, EC4P 4BY

CITY-WISE ACCOUNTANT needed for new venture in ex-market software. Tasks could be raising capital, setting up company, giving seminars. Please write Box F.4065, Financial Times, 10, Cannon Street, London EC4P 4BY.

WINDOW SPECIALIST

holder of a world-wide patent for a new system is looking for business partners (franchise) for manufacture, production and distribution of its reinforced-fibre synthetic windows in the U.K. market.

Write Box F.407, Financial Times 10 Cannon Street, London EC4P 4BY

TECHNOLOGY

EDITED BY ALAN CANE

BULLOCK REPORT IDENTIFIES PATTERN OF DEVELOPMENT

How to exploit research expertise

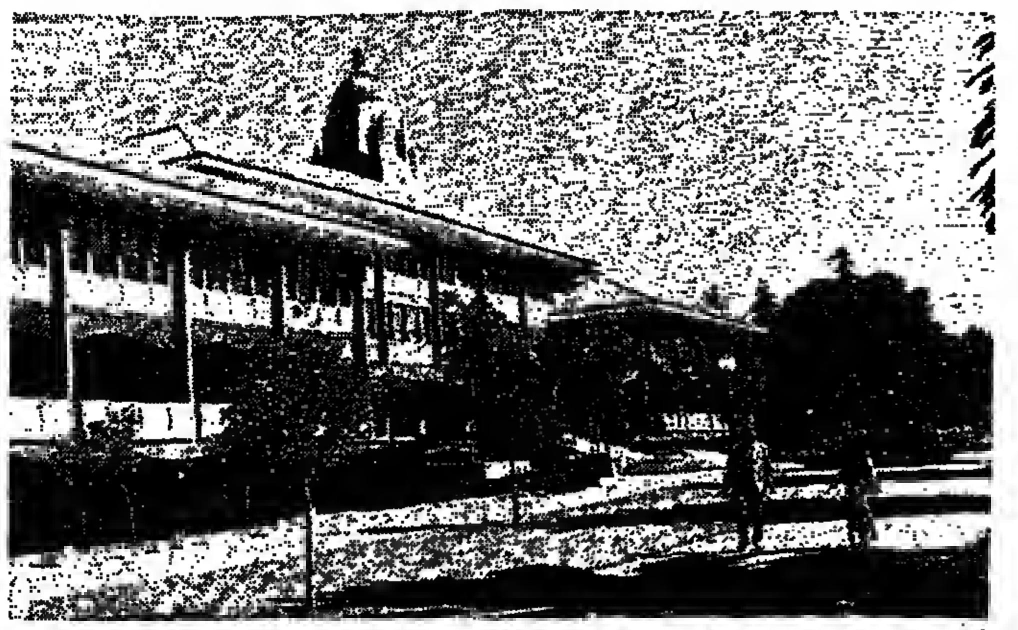
BY PETA LEVI

CAN BRITAIN exploit its research ideas more effectively? The answer is almost certainly "yes" and a report* just published by Matthew Bullock suggests that the American example has a number of lessons for us.

Bullock, 33, a district manager at Barclays Bank and the son of historian Alan Bullock, read history at Cambridge and in 1979 worked there as an assistant manager of a Barclays branch.

With this background perhaps it is not surprising that he was quick to identify the new technological revolution taking place in Cambridge. It was he who brought together 41 computer-based high technology companies which at that time the university had already spawned (the 41 have subsequently grown to more than 250).

As a result of his interest in the development of small research-based companies, he used a nine-week travelling scholarship to the U.S. in 1981 to study how such companies were financed.



The Graduate School of Business at Stanford University; Matthew Bullock identified Stanford and MIT as hotbeds of "soft" companies

Bullock's report is divided into four sections. The first deals with the policies edopted by U.S. universities to encourage new technology ventures: the second with high technology companies' different patterns of development and how this has changed since the first company's emergence in the 1930s; the third explains how venture capital developed ont of and as part of high technology industries rather than creating them and the last with how the banks became involved and how they now organised their high technology lending.

The central finding of Bullock's report was that in the early days of new technology industries, the companies formed followed a different pattern of development from that which was normally assumed when talking about high technology companies.

Today it is envisaged that such companies have a clearly defined product ready to open up new markets. This method of developing a company is very risky, usually involving major up-front investment in manufacturing equipment and distribution before the first sales are made, and depends upon venture capital being available.

Bullock describes these as "hard" companies. However, before venture capital emerged in the early 1960s, all but a few companies adopted what he calls the "soft" pattern of development.

Soft companies are usually started by academics, providing a consultancy service to an industrial or government client. The low capital and managerial reouirements, combined with supportive policies by the academic authorities, particularly at MIT and Stanford universities. encouraged scientists to start such companies from the 1930s onwards.

Once in business, these companies then proceeded to "harden," moving away from analysis and consultancy towards the development of a range of products. A critical factor was the steady cash flow from consultancy contracts, which financed the development work.

Bullock also found that although some soft companies develop to the point where they became major prodoct companies — Hewlett Packard, Varian Associates, Wang and Raytheon — the majority were bought by large industrial customers.

These latter became increasingly alert to "component technology transfer"—the effect of large companies' products. This pattern of acquisition and technology assimilation is now a marked feature of large U.S. companies in high technology sectors, who have coma to see small research-based companies as a means of access into new technologies and markets.

"The part played by research-based innovation in the American economy has grown very considerably since the Second World War and now ranks equal with organisational efficiency as a prime determinant of corporate growth."

The growth of this acquisition routine was important in stimulating the development of a network of small research based company entrepreneurs and, through that, in the emergence of professional venture capital. This was not only because of the existence of a ready market for on-selling successful small companies, bnt also because of the tendency for the entrepreneurs to "re-cycla" themselves — to leave the large company that had bought their first venture and to start again.

Investment

As this process was repeated by fresh waves of successful soft company entrepreneurs, it led to the gradual accumulation of experience in the management of the more risky, hard companies, the creation of a small company style and to tha growth of private risk capital available for such new ventures through informal investment channels within and around the network.

It was out of the MIT and Stanford networks that the professional venture capitalists emerged in the early 1960s and, by bringing in outside investment funds, gava the networks the ability to finance the large-scale launching of new hard product companies.

Bullock looks at bow venture capitalists assess investment propositions and the venture capital industry's structure. Contrary to his expectations he found that the venture capitalist does not employ particularly sophisticated techniques or use outside consultants in assessing propositions.

"The critical factor in the success of the venture is the quality of management and tha venture capitalists assess this by drawing on the managerial and market expertise of the entrepreneurial network."

There are now 40-50 professional venture capitalist firms which hack only 4 per cent of the firms they investigate. They act as managing agents for venture capital pools. These pools are subscribed by institutiooal investors and by private individuals. The average pool is capitalised at $30-$50m and some companies run more than one pool.

Terms vary greatly, but the most successful claim portfolio returns of 50 per cent per annum compound over seven years; the average is abont 20 per cent. The venture capitalists aim to take the best investments from nothing to the stock market in seven years.

In the 1960s most of the banks in Massachusetts and California became involved in the research-based company aector and experimented with combinations of equity and loan finance. However, Bullock found that this was not successful and the two functions became divorced. Most of the banks involved in lending to research-based companies complement rather than supplant venture capital, although many banks also have separate investment companies looking for equity returns and active in the development capital stages.

The benefits for banks are seen as coming more from the "spill-over" effect that the rapid growth of research-based companies bas had on all the other sectors of the economy in which the banks are involved. This is best illustrated by Boston where in the 1940s the industrial base was badly run down and unemployment was twice the national average.

In 1946 a First National Bank of Boston loan officer reported that the strongest part of the infrastructure that remained in the area was the intellectual capital embodied in the universities.

The bank acted on his recommendations end provided the soft companies with lending facilities. Today, one-third of the state's manufacturing force is employed directly or indirectly in high technology companies and in the process the FNBB has grown from a middle sized regional bank to becoma the 16th largest bank in the U.S.

Although the report draws no direct parallel between Britain and the U.S. to universities reeling from the UGC cuts, to large companies looking to update prodoct portfolios and to banks worried abont their doubled bad debt provisions, there are obviously lessons to be learnt from this description of the American high technology business.

* *"Academic Enterprise, Industrial Innovation and the Development of High Technology Financing in the United States" published by Brand Brothers and Co, (£10) 32 Southborough Road, London E9 7EF.*

TELEX NETWORKING

Vitalex system with a Whisper

BY GEOFFREY CHARLISH

A FURTHER means of accessing the telex network other than through the customary permanently connected telex machine has been announced, this time by Vitel of Hendon, London.

Called Vitalex, the offering is a Government-licensed VAN (value edded network) service and makes use of the recently announced Whisper Writer terminal from 3M and a Tandem Non-Stop computer in London, connected together over a dial-up line as necessary. The big computer carries out the necessary communications with the telex network.

Whisper Writer is no bigger than a small portable typewriter, is very quiet in operation and plugs into a telephone jack (or can share a line with an existing telephona instrument).

For people in business, the service means that a telex message can be sent without manual communications with the company's telex room, from the desk.

At home, services like this mean that a telex message can be sent or received directly for the first time.

Vitel is tha sole UK distributor for tha 3M terminal for telex bureau application. Tha machine bas British Telecom approval; it has message editing facilities and a memory of more than 4,000 characters (abont three A4 pages).

Vitel says that it costs far less to buy outright than 12 months' rental of a regular telex machine.

In practice, Vitalex allows users with a modicum of typing skill to sit at tha terminal and compose a written message to anyone with a similar terminal, whether or not the recipient has a permanent telex connection.

Using the editing facility, the message can be made word perfect before sending at the cost of only a sheet or two of printer paper. The system will re-dial engaged numbers until a connection is made.

The Vitalex service is highly volume sensitive says the company—as the number of messages sent goes up, the cost comes down.

For example, a three-minute message sent within the UK costs £1.35 if up to 40 minutes are transmitted each month. If more than 160 minutes are used per month, the cost would drop to only 60p. There is also a small return message charge, which does not exceed 60p.

The company charges an access fee of £100 a yeer, and provides a free monthly traffic analysis. The terminal costs £895 and the installation charge is £30. Maintenance after the first three months costs £99 on an annual contract.

Fabrics

High silica

A NEW family of flexible, high silica fabrics capable of containing molten steel have been launched by Fothergill and Harvey.

The new range, called Siltemp, have refractory thermal properties with a melting point of 1650°C and fit between glass and ceramic prodncts on price and performance.

Uses include metal production, fabrication areas of ship building, heavy engineering and power stations. The material can be used for welding booth curtains, stress relieving blankets and so en. It can be sewn with PTFE coated glass sewing yarn. More on 0706 78831.

Printheads

Gulton process

GULTON of Hove, Sussex, has introduced thermal linear array printheads manufactured by a new process which lies midway between thick film and thin film technology.

According to the company, heads produced using this "mid film" process are rugged and reliable yet less expensive than thick film heads while easier to manufacture than the thin film variety.

First head manufactured using the new technique is the SM105-420A, a high speed graphics head with medical, scientific and industrial applications. More from Gulton on 0273 778401.

Graphics

More than 40 formats

FOR £375, Sintrom Electronics is offering Graphwriter, a graphics software system which runs on the IBM Personal Computer (and its lookalikes, no doubt).

It offers more than 40 formats ranging from simple line and bar charts to line/surface, bubble, line/log axes and block diagrams.

Values and proportions of any graph can be checked on the screen or printout before plotting and an edit mode allows changes to be made easily in the preprogrammed format if necessary. More on 0734 875464.

Retailers

Trading system

A RETAIL trading system designed to operate on Digital Equipment Corporation computers has been launched by Hoskyns the software and services company.

Separate modules handle, for example, booking goods in, reconciliation with purchase orders, agreeing suppliers' invoices and so on.

The idea is to provide a flexible but low cost package; it will run on DEC equipment ranging from the Professional Computer (the micro) to the VAX (top of the line). According to Paul Sagg of Hoskyns, £1,000 will buy a minimum set of modules to run on the PC; £11,000 will buy the complete set to run on the VAX.

Paul Sagg will explain further on 01-388 4299.

THE ARTS

Elias Ashmole Tercentenary/Roy Strong

Re-evaluating a renaissance man

In a curious way the exhibition in tribute to Elias Ashmole (at the Ashmolean Museum, Oxford, until July 31) reminded me in microcosm of the Medici exhibitions in Florence three years ago. On that occasion it was those devoted to theatre, festivals, ceremonies, science, magic and astrology which opened new dimensions in late renaissance culture and not the staid art historical round of paintings, architecture, sculpture and the decorative arts.

The Ashmole exhibition is about one man and it fills one room and a small corridor adjacent. The works of art which are fed in form the least relevant aspects of this exhibition. Two out of the series by Isaac Fuller on the escape of Charles II or the sequence of Lely drawings of Garter Knights, have no real relevance.

They give aesthetic uplift to what is fundamentally an historical exhibition conceived not in biographical terms but more in those of the exploration of a mind. Not an easy task because inevitably the old question arises. "Is it an exhibition or is it a book?" On the other hand it demonstrates admirably how incredibly difficult it is to render this type of subject matter in exhibition terms.

And yet what it represents is undoubtedly where some of the best cut and thrust in seventeenth century scholarship is at the moment. Astrologer, alchemist, herald, antiquarian and collector, all lines of thought meet in this ambitious figure who was eight when Charles I came to the throne and lived to see the Glorious Revolution. A child of the hermetic tradition in its late renaissance form, his ideal universe was an hierarchical magical one descending down through the celestial to the terrestial spheres, based on the old micro-macrocosm principle, and in which for him the image on earth of divine order was the shattered world of Caroline absolutist England.

The whole of his life was dedicated to re-establishing that vanished order and he was a figure central to the great putting-the-clock-back movement in 1660. His antiquarianism and collecting was not a dead thing for from it he could tell the king how to order his coronation or how to re-create the ceremonies of the Order of the Garter. The heraldry collections were monuments to precedence and degree and hence order. Even the details of what pertained according to rank in the way of funeral attributes was an outward and visible manifestation of order restored after a world turned upside down.

There is a brilliant introduction to the catalogue by Michael Hunter which distils all this, although I found Ashmole the man as against the mind elusive. On the whole he began to strike me as rather unpleasant. One also began to speculate about the role of museums in society. Certainly Ashmole's gift of the Tradescant collections to Oxford, which opened in 1683, represented part of his pattern of restored order, the establishment of what we now call an information retrieval system on the past, so that if another revolution happened there it would all be awaiting some latter day Ashmole.

Ashmole's vision of the order that he wished to see restored and perpetuated was, however, a distorted one. The Caroline era was in many ways the run-down remnants of the Tudor system. His monumental work on the Order of the Garter totally misses (actually suppresses because he had the evidence) its real heyday which was under Elizabeth I, when St George's Day was deliberately built up as a great public spectacle, in favour of eulogising Charles I's contribution which in contrast turned it into a variety of closet Laudianism.

Th martyrdom of the king wholly confuses Ashmole, for in fact it should have been Gloriana who was his real point of reference, a fact that eluded neither Aubrey nor the old Duke of Newcastle. Devoted as Ashmole was to ceremonial it was again Charles I who altered or dispensed with so much of it that had been integral to the success of the Tudor monarchy.

As we wander among this collection of alchemical manuscripts, horoscopes and astrological consultations on political events one is struck vividly by how arcane traditions could mingle with and also contribute to the work of the new scientists. The late renaissance preoccupation with a detailed examination of the physical world may have worked within the context of an hermetic view of the universe, but the initial observations were as valid when used by those with a mechanistic world view.

The vast collections of historical records on protocol, ceremonial, coronations, processions and chivalrous orders may have been gathered with the intent of sustaining and proving ancient myths and legends but the fact is Ashmole believed these things should be based on a scientific examination of written evidence.

So, in a way, this is less an exhibition than an assemblage of illustrations to an introductory essay. The arrangement of the catalogue is of no assistance to those who know little or nothing about Mr Ashmole. Some attempt should have been made to integrate ideas, objects and biography in a single, coherent unfolding panorama and the section entitled Paintings, Prints and Drawings reminded me of the old-fashioned approach to exhibition arrangement usual just after World War II.

Detail from 'A Canopy Bearer' by Lely

Malcolm Bilson/St John's, Smith Square

Stanley Sadie

Fresh creativity and a profound understanding of the fortepiano

We have had all Mozart's symphonies in "authentic" form, at least on records; now it is time for the piano concertos, which as a body are more consistent in level and represent more fully his mature art. We have perhaps been slow to breed in England, during the early music revival, a strain of "fortepianists," exponents of the instrument that was used by Mozart and his contemporaries.

The soloist in Sunday evening's concert at St John's (there is another on Friday) and in the forthcoming recordings is the American player Malcolm Bilson, chiefly known here from his performances as a member of the Amadè Trio. Mr Bilson brought his own fortepiano, an American instrument, built by Philip Belt after the one by Anton Walter that Mozart owned and which now rests in the Mozart Geburtshaus in Salzburg.

The instrument is of course much gentler in sound than a modern grand, but it possesses a wide range of tone and of colour, and it is far more incisive. When Mr Bilson plays the continuo part in the tuttis—sometimes just the bass line, but generally harmonies too—it adds definition and sharpens the rhythm. More than that, it affects fundamentally the way we hear the soloist in relation to the orchestra.

The manner in which the fortepiano emerges from the tutti represents a hierarchy quite different from the familiar one of the 19th- and 20th-century repertory in which the pianist may, if he wishes, sit with arms folded and nose aloft until his moment comes. It is music-making of another kind, and one that serves more propitiously for the kinds of intercourse that Mozart requires between soloist and orchestra, severally and collectively.

Mr Bilson is not just a conscientious re-creator; he is a freshly creative artist, with a profound understanding of his instrument and its superior capacity to represent the music composed for it. He played two concertos, with John Eliot Gardiner's English Baroque Soloists (using, of course, instruments and bows appropriate not to the Baroque but to the Classical period). The first of the concertos was K449, in E flat, on which Mr Gardiner embarked rather briskly. But it was soon clear that even in this quickish tempo Mr Bilson had plenty of room. The flowing secondary theme in the ritornello, for example, sounded a shade too jolly from the orchestra; when it fell to Mr Bilson he could shape it with due warmth and feeling. Nevertheless, it was the more brilliant side of the music, as opposed to its lyricism, that tended to prevail.

In the Andantino, too, more time to relish those exquisite textures would have been welcome, but Mr Bilson still had time enough for touches of fancy and poetry, while his instrument made sense of those tutti chords at the beginnings of phrases that on a modern piano thicken and so kill the effect of what follows.

The finale, with its witty admixture of counterpoint and variation, lent itself happily to Mr Bilson's felicities of timing and shaping; and his instrument, with its capacity for a hint of snarl in the bass, gave new point (or rather, revived, authentic old point) to the passages where the right hand dips below the left. The other concerto was the A major K414, the earlier of Mozart's two in a key that always drew graceful music from him. The lightness of the fortepiano's tone and its sparkling attack served well in this concerto's particularly shapely passage-work. The instrument can, however, also sound soft and sensuous, and Mr Bilson took advantage of this in his warm, almost amorous (certainly loving) phrasing of the first movement's second subject.

He played the rare longer cadenza here, with real mastery of its matter and design. In the beautiful, elegiac Andante his enunciation of the melodic line, its moulding and its timing, supplied what was the most rewarding and revealing part of the evening.

The orchestra served well on the whole. Its string tone is sweeter than that of many period groups, perhaps because they allow themselves more vibrato; the wind playing, especially the oboes', was, however, often ill-tuned. Mr Gardiner is apt to drive the music hard, which puts him at constant risk of cramping Bilson's style; and he often shapes it with a conductor's deliberation and self-consciousness, which cannot be (and indeed does not sound) appropriate for music that was never meant to be conducted at all. The "tasteful" diminuendo starting in the 10th bar of Symphony No 33, which began the evening, typified that approach which seems dubiously compatible, philosophically, with an extended venture into the realms of authentic Mozart performance.

Dionne Warwick/Hammersmith

Antony Thorncroft

Dionne Warwick was playing on home ground at Hammersmith Odeon over the weekend. The packed audience clapped her truisms, applauded her unabashed hard sell on her albums, and reverentially lapped up her singing. On the last point I was with them all the way. Dionne Warwick has a superb voice, unforced, unaffected, and with an almost clinical certainty of tone. Only rarely in fact does she show off its full range, with a touch of coloratura.

But she hardly puts it to worthwhile use with her repertoire of cabaret love songs and undemanding ballads. Any pretensions towards soul, let alone rock, are missing in a performance which puts her firmly into the scampi and chips basket. The curious introductions to her songs, playing up the awards they have won, the number of records they have sold, confirms that she deals in a world of business rather than emotion.

Occasionally a sense of humour shines through and her act is nothing if not confident. She dips into her 15 year Bacharach/David collaboration as well as her more recent, less fruitful, link with Barry Gibb as song-writer, and the gulf between the sensitivity of songs like "Walk on by," of which a snatch was heard, and the crass commercialism of film themes like "Up where we belong," was yawning. But Dionne Warwick is the complete professional and her fans obviously appreciated being spoon-fed with syrup.

In contrast the opening act was the a cappella singing of the six-man Flying Pickets who also concentrated on American classics of the 1960s. Performing Phil Spector recordings live was ambitious but in the main they struck the right notes in their smooth singing, although their introductions were disruptive.

Philharmonia/Festival Hall

Max Loppert

It was instructive, an evening after the Covent Garden *Meistersinger*, to attend the all-Wagner concert, at the Festival Hall, of the Philharmonia: for it presented Lovro von Matacic, an octogenarian greatly esteemed here in recent years in the symphonic repertoire, in a role in which on the continent he is far better known—that of an operatic conductor of immense experience and ample mastery. Matacic, it was evident from the very opening of the *Meistersinger* overture (as also earlier, in the *Dutchman* overture and the third-act prelude to *Tannhäuser*), is a Wagnerian from an older school than that which produced Colin Davis, he sets broad tempi, he knows how to linger at cadence points and at the start of new paragraphs, without ever snapping the train of thought.

Broad Wagner is a thrill rapidly being made extinct, which is why these performances were all so much to be admired. All were far from note-perfect: the Philharmonia, as a Wagner orchestra, showed itself a good deal less versed in the art than the Royal Opera band had the previous evening. In a long "excerpted synthesis" of *Götterdämmerung*, after the interval, there was some painfully untrue wind and brass chording, though by the time Anne Evans came to deliver the Immolation Scene, the worst was past.

Miss Evans had already, in Senta's Ballad, reminded us of her proper Wagnerian calibre, in singing pure, vigorous, tonally fresh despite a residual layer of breathiness. Brünnhilde's finale was no less decisively undertaken; but despite the fact that Miss Evans is to play the heroine in the forthcoming Welsh National Ring, nothing on Sunday night persuaded me that to do so would not be to move dangerously outside her natural soprano *fach*.

Annie Fischer/Elizabeth Hall

Andrew Clements

Miss Fischer's visits to London are rare and cherishable events. She is scantily represented on record, which is perhaps a partial explanation (but absolutely no justification) for the scattering of empty seats at her Elizabeth Hall appearance on Sunday.

Reviewing her previous London recital, Max Loppert compared Annie Fischer's playing with that of Rudolf Serkin. The juxtaposition is extremely apposite: like Serkin she is never content to skate over the surface of a work merely for the sake of appearances; textures are skilfully and pertinently anatomised (with a left hand of uncommon eloquence), rubato is invariably functional rather than merely decorative. Like Serkin also, she plays a healthy peppering of wrong notes, but in only two places yesterday could they be said to have mattered: in the scherzo of Beethoven's A major sonata Op. 101 and in the finale of the same work, where the surging flow of the movement was momentarily stemmed.

Yet the remainder of the sonata was more than adequate compensation: a first movement of teasing inner voices, half shades and inflections, a slow movement and finale welded into a single organic unit, the transition from one to the other managed with irrepressible vigour. In the smaller-scale G major sonata Op. 79 also, vigour had been pre-eminent, an energy that seemed almost to press on the limits of the music, but which was always kept within musicianly bounds. No irrelevant rhetoric here, nor any feigned profoundity; the simple Andante was sung in limpid, fine-spun lines.

Schumann's *Kinderscenen* and the C sharp minor nocturne Op. 27 no. 1 of Chopin were given new and unexpected interest by the perspectives Miss Fischer threw upon them: the intricacy with which she teased out the inner parts of "Traumerei" was matched by the way in which the seemingly innocuous left hand of the nocturne was gently underscored. Chopin's B flat minor sonata completed the programme, never shirking its rhetorical responsibilities in first and slow movements and *giving the second theme* of the funeral march a totally unhackneyed simplicity. The *Fantasie-Impromptu* was a treasurable encore, unforced and effortlessly unfolded.

Swan Lake/Covent Garden

Clement Crisp

Latest incumbent at Covent Garden of the Swan Queen's crown and the enchantress's fouttés in the Sadler's Wells' *Swan Lake* is Sherilyn Kennedy. She brings to the role a clear and generous line, a sure technique, and a gentleness of manner which developed with the progress of the work on *Friday night* into a *serious*—and by the last act—very moving view of the tragedy. Her Odette lacked something in lyrical effusion of feeling at her first lake-side appearance; she was too mild in a staging which demands, by its Gothic tone, something more despairing and haunted. But her bright and beguiling Odile had the right edge of amused menace in tricking Siegfried, and the lovers' final meeting by the lake had the proper inevitability of grief, with Carl Myers' well-conceived Siegfried also at his best and most remorseful.

Miss Kennedy's is a portrait still in the making (and I note in passing her uncanny resemblance to Fonteyn in this role in poses when her head is raised), but the advantages of the Sadler's Wells' nursing of its principals in such major roles are everywhere apparent in the varied interpretations we have seen this season. Unlike the Royal Ballet's aspirants, who have to treat each fresh appearance as a fresh debut and can hardly build a performance because of their rare opportunities in these vital steps towards ballerina status, Peter Wright's young hopefuls look assured, having learned to find their own way and their own positive and coherent views of these great test-pieces.

The level of performance is strong with SWRB. Iain Webb, a fine young soloist, was Friday night's Benno, and everywhere excellent. His big, easy jump and clean dance manner, his natural and sensitive way with the part's dramatics, made this a most impressive appearance. Especial praise, too, for Susan Crow as the Hungarian Princess, stressing with commendable intelligence the balletic nationalism of the part, and making her solo intriguingly like a lost fragment from *Roymonda*.

I hold little brief, though, for the way the score sounds this season. The music is, in general, bustled along, adequately but gracelessly presented, very *wrong* for a staging whose Soviet approach demands Soviet-style expansiveness and vibrant tone. The dancers and the drama both suffer. And so does Chaikovsky.

Anything Goes/Crucible, Sheffield

B. A. Young

Here they are—"You're the Top" "It's Delovely" "I get a Kick out of You" "Anything Goes" and half a dozen more, including "Swell Party" borrowed from *High Society*. It's like a cabaret recital of the best of Cole Porter, and it might have done better just to be a cabaret for the book is awful, despite the participation of P. G. Wodehouse and Guy Bolton.

We are on a transatlantic liner in 1937, represented by a funnel behind the on-stage band in Roger Glossop's set. Passengers include a public enemy, a famous nightclub singer, an English aristocrat and his fiancee, and a millionaire with his improbably helpless secretary. Billy the Secretary has no ticket or passport, so he spends half the evening in a series of disguises; but when a passport is lent him by Moonface Martin (Public enemy Number 13) it identifies him as Snake-eyes Johnson (Public enemy Number 1) and he becomes the most popular guy on the ship where the passengers have all been lamenting the absence of anyone interesting.

What matters though is the songs, Cole Porter's lyrics, complex and literate, are hard to sing and act together and Clare Venables the director, tends to separate those functions. When Mark Hadfield, and Sheila Brand, as Billy and Reno, the Chanteuse, sing "You're the Top" one sings while the other dances then they swop over. Even given such an advantage, they don't put the words over very well, though both do better with less taxing songs later in the evening. Indeed, Sheila Brand, a tall handsome girl who has sung Pamina in *The Magic Flute*, rather impressed me as Mr Hadfield goes through his easy acting requirements confidently enough.

The choreography by Debbie Norman and Francesca Whitburn is unambitious, the words being given due precedent over the movements. The chorus routines have to be done by assembling all the principals, so involving some unexpected confrontations that we must pretend not to see.

Martin Duncan is Sir Evelyn Oakleigh the comic Englishman, a happy period piece recalling players like Claud, rather than Jack, Hulbert. His fiancée, a simple child who ends up marrying Billy while Sir Evelyn pairs off with Reno, is Amanda Bairstow. She only has one good song, "All Through the Night" (not the Welsh hymn), and this she sings as a duet with Billy, from a balcony so remote it would have made Romeo shrug his shoulders and go back to Rosaline.

Robert Whelan devotes more comic enthusiasm, to the part of Moonface than it deserves. There is a five-piece band, ably led by Derek Taverner. Brave Miss Venables not only opened on Friday 13th but also directed a 13-strong company.

Iona Brown takes over as soloist

Iona Brown will be the violin soloist with the Polish Chamber Orchestra in the Barbican Hall on Sunday, May 22, due to the illness of soloist Kyung-Wha Chung.

Miss Brown takes over the two concertos to have been played by Miss Chung: the violin concerto in A minor and E major of J. S. Bach. She recently played the Bach Concerto for two violins at the Barbican with Malcolm Latchem and the Academy of St Martin-in-the-Fields.

Thames TV drama awards

Thames Television has announced two new awards under its playwriting scheme, now in its 10th year. Stephen Mallatrat, aged 35, of Hebden Bridge, West Yorkshire, and Christine Reid, 41, of Belfast, have been awarded £3,000 each.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

May 13–19

LONDON

Royal Opera, Covent Garden: The new production of Puccini's Manon Lescaut, a blandly undistinguished affair in the main, is redeemed by the *Des Grieux of Placido Domingo*. The revival of Die Meistersinger, conducted by Colin Davis, shows some familiar Royal Opera Wagnerians Sotin, Popp, Evans, Tear – and an unfamiliar one in the Hungarian tenor Robert Ilosfalvy, singing his first London Walther. (240 1066).

English National Opera, Coliseum: The Gambler, an early, uneven, but immensely exhilarating Prokofiev opera, receives an exciting London first staging by David Pountney. The well-routined but still delightful Magic Flute introduces some ENO newcomers – Glenn Winslade as Tamino, Joan Rodgers as Pamina. (836 3161).

Royal Opera House, Covent Garden: Sadler's Wells Royal Ballet in Swan Lake. Triple bill on Wednesday.

Sadler's Wells, Rosebery Avenue: Laura Dean Company from New York opens a season of whirling and turning to Miss Dean's scores. (278 8916).

PARIS

Romeo and Juliette choreography by John Cranko, directed by Georgette Tsingui-Rides by Paris Opera Ballet. Paris Opera – Salle Garnier (742 5750).

La Belle Helene alternates with Poulenc's Dialogues des Carmelites with Maria Ewing in the role of Blanche de la Force and Regine Crespin in that of Madame de Croissy. Opera Comique (296 0611)

WEST GERMANY

Berlin Deutsche Oper: Der Fliegende Holländer with *Katarina Ligendza* and Martti Salminen; Edda Moser in Der Freischütz; further performances of Othello, sung in Italien, and Arabella. (34381).

Hamburg Staatsoper: Der Barbier von Sevilla, Der Rosenkavalier with Doris Soffel and Helmut Berger-Tuna. Arabella produced by Otto Schenk with Anna Tomowa Sintow in the title role; Die Wundersame Schusterfrau, an opera by Bernd Alois Zimmermann, one of Germany's leading contemporary composers. Zar und Zimmermann with Franz Grundheber and Jutta-Renate Ihloff rounds off the week. (351 151).

Cologne opera: Der Freischütz with Siegfried Jerusalem. Further performances of Don Pasquale and Der Barbier von Sevilla. (20761).

Frankfurt opera: Fidelio with Maria Slatinaru as Leonore and Hermann Winkler as Florestan. Der Wildschütz is new this month. Rigoletto, sung in Italian, is conducted by Peter Hirsch and brings together Inga Nielsen as Gilda and Otoniel Gonzaga as Herzog. Akiko Kuroda does justice to the title role in Madame Butterfly. (25621).

Munich Bayerische Staatsoper: This Othello has been said to have the world's best cast in Margaret Price and Carlo Cossutta. Fidelio with *Hildegard Behrens and Franz Ferdinand Nentwig* is of respectable standard. Lohengrin stars Rene Kollo and Ingrid Bjoner. Orpheus und Eurydike has Brigitte Fassbänder, Lucia Popp and Julie Kaufmann. (21851).

NEW YORK

New York City Ballet: The season continues under its new director Peter Martins with 40 works from the repertory, ranging from Balanchine's first American piece, Serenade (1934), to four pieces premiered in winter, by Martins, d'Amboise and Duell. New York State Theater, Lincoln Center (870 5570).

Alvin Ailey *American Dance Theatre* (City Center): Three local and one company premiere are part of the spring season of a company that has parlayed American gospel, Broadway and classical dance themes into a national instution of its own (55th E. of 7th Av, 581 7907).

VIENNA

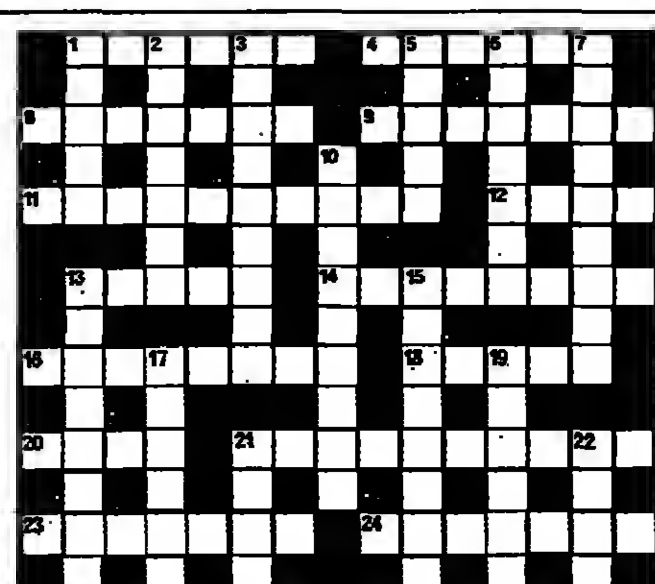
Staatsoper (5324/2655): Luisa Miller, Der Fliegende Holländer, Fidelio, Die Zauberflöte.

Volksoper (5324/2657): Wiener Blut, Gasparone, Der Zigeunerbaron, Der Wildschütz, Die Csardasfürstein, Die Lustige Witwe.

Raimundtheater (57 56 26): Boccaccio. (Daily except Mon).

Festival of Clowns in the Jesuitenwiase. Calck Hook Dance Theatre from New York (Mon and Tue); Johnny Melville (Wed until following Fri).

F.T. CROSSWORD PUZZLE No. 5,173



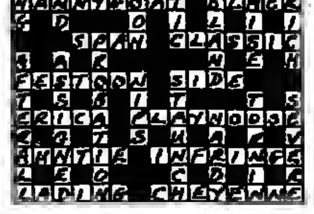
ACROSS

1 Make a joint allowance (6)
4 Rear like a bird (6)
8 Succeed in their upheaval (7)
9 Make a mess in the French cooker (7)
11 Intended to cancel delivery? (10)
12 Head for something to eat (4)
13 Crime at Bracken House (5)
14 Make progress on the road (8)
16 An instrument of the law? (8)
18 Matches samples (5)
20 How horses behave in and about Rotten Row (4)
21 Ripe almond looks the same from *either side* when broken (10)
23 Witnesses present during trials (7)
24 Leave a tie on (7)
25 Simple-minded creature takes everything in (6)
26 Lets in people as establishment opens (6)

DOWN

1 Travel through the mountains
2 Shortest distance between flower and hive? (3-4)
3 Attempted to hold party in three sections (9)
5 Play part in embarrassing incident (5)
6 It's enough to follow former pattern (7)
7 Drinks that go to one's head (9)
10 Girl absorbed in simple Venetian music (9)
13 The alternative, to make quotation up, is speculative (9)
15 Not having the authority to admit the quantity cannot be maintained (9)
17 Nothing at breakfast goes down like porridge (7)
19 Goes all out to make an impression on Board (7)
21 Court the girl I love (5)
22 Settles in position where the grouse are (5)

Solution to Puzzle No. 5,172



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday May 17 1983

A loser's manifesto

A LEADING member of Labour's Right-wing, in an unguarded moment recently, described Labour's then extant policy statement as "the longest suicide note in history." This document haa now reappeered, almost unaltered, as the party's election manifesto, passed on the nod by an executive which could easily have mustered a majority against several of its more extreme proposals.

This episode, and the tone and balance of the manifesto itself, lend colour to the idea that its publication is not so much an attempt to unseat Mrs Thatcher, but a further move in the party's internal warfare. The Left's policies will be put forward, rejected by the voters, and can then be dumped by those leaders —especially among the unions—who are seriously interested in power.

This is apparent not so much in the slant of the programme as in its incoherence. Instead of Mao'e one hundred flowers we hear the buzzing of a hundred bees, let oot of every party bonoet. This results in oddities, like the call for a ban on foxhunting and outright opposition to the "Tory PWR station at Sizewell." It also results in an attempt to run mutually exclusive opposites in harness.

Pity

Thus in defence "unilateralism and multilateralism must go hand in hand," while in two paragraphs the party commits itself to Irish reunification and the rights of Ulstermen to remein within the UK, to direct rule and a devolved administration, and then promises to consult the trade unions. The party wants a lower exchange rate, but exchange controls which would drive the rate up. It is, in short, a document which begs its critics to quote it.

This is something more than a pity, for voters have the right to expect to be offered some serious choice at a general election; bere they are offered not a single alternative, but an unbappy compound of two or three. One is quite simply Keyneslan — a large fiscal boost for activity, involving both higber taxes and higber borrowing.

The details are perhaps deliberately vague (and compare very unfavourably in this respect with the carefully specified Alliance proposals), but tha central claim is certainly one which deserves, serious consideration.

Alternative

There is an alternative fiscal policy, which conld provide higher employment, especially in public sector capital formation, a good proportion of whose cost would be recouped through higher revenues and lower welfare spending. But in this context, the proportion cannot fairly be put.

The context includes first, almost every known way of generating inflationary pressure — bigh borrowing devaluation, protection from competition, protection of trade unions, minimum wege legislation and a narrower housing market. Against this are set a vague and untested understanding with the unions, French-style price controls, end the promise of cbeaper food imports. The balance does not look promising.

Secondly, the party proposes somehow to combine an "amicable" withdrawal from the EEC with the imposition of import controls. It seems unlikely that companies seeking a Europeen base or those working in the dynamic sectors that the Britisb economy does contain — notably in electronics — would stake mnch on Labour's chances of bringing off this double. There are pension plans with no demographic estimates, renstionalisation commitments with no thought of the financing burden.

In sbort, the programme is nothing of the kind: it is simply a beep of aspirations, noble, ignoble and just plain silly. It onlv seems to come near addressing our present problems where it also comes near to duplicating the Alliance programme—in putting the case for fiscal expansion and a tax structure which would address the poverty trap.

As a whole, it is a muddled, beckward-looking dream—the welfare acbievements of tha 1940s, the command economy of the war and the blend of disarmament, protection and cheap food which indeed promoted rapid growth in the 1930s. This was also, it may be remembered, a period of seemingly permanent Conservative rule.

Divisions on east-west trade

AFTER THEIR stand-up row last year over Siberian pipeline sanctions, the U.S. and its allies in Western Europe seem to be moving towards agreement on at least some aspects of what should constitute a proper western economic strategy towards the Soviet bloc. It is likely that East-West trade issues will figure, if not less prominently, then certainly less acrimoniously at next week's Williamsburg summit than anyone would hsve dared forecast at the start of this year.

Last autumn, when the hatcbet of the pipeline sanctions was buried, President Reagan and his allies agreed on a series of East-West economic studies. Initially viewed as a face-saver for the U.S., the studies have already proved their worth.

The OECD has finished its factual study on East-West trade. It coocludes that interdependence between East and West has become a fact of economic life, that a natural complementarity exists between raw meterials of the East and Western technology and between the food-short East and the food-surplns West, and that there is no clear balance of advantage in favour of one region or the other, even though East-West trade is much more marginal for bigger OECD countries (2-6 per cent of total trade) than for the East.

Deadlock

The OECD warns that, although the Soviet block is a big and sometimes profitable market, western companies should beware of increasing pressure to soften their terms or accept barter trade. In this light, OECD ministers agreed that "East-West trade and credit flows should be guided by the indications of the market," and thet governments should simply "exercise financial prudence without granting preferential treatment."

This agreement has implications for the continued deedlock inside the OECD over how to align government-guaranteed export credit ioterest rates with market retes or, in other words, how to reduce export subsidies worldwide.

Second, the International Energy Agercy bas completed its energy security study, born out of U.S. concern that by buying Siberian gas Western Europe might be laying itself open to future blackmail by the Soviet Union. At this month's IEA mioisterial meeting, the Europeans expressed themselves aware — sufficiently to satisfy the U.S. — of the risk of allowing any one producer to "exercise monopoly power" over them.

Third, inside the secret workings of the Co-ordinating Committee (CoCom), which vets the sale of militarily useful technology to the Soviet bloc, there seems to have been soma narrowing of differences. The West Europeans bave queshed the idea of adding a military committee to CoCom.

Controls

The U.S. hed proposed a radical upgrading of CoCom controls to ban the sale of "militarily critical technologies" to the Soviet bloc. Negotiations over this are complicated hy threats from some officials in Washington that West European acquisition of U.S. technology end/or access to the U.S. market may suffer, if they do not go along with U.S. requests in CoCom. But where the U.S. can show, by convicing demonstration and not hy bluster, that westero technology has ended or could end up in Soviet weeponry, its allies are likely to agree to tighter controls.

It would seem that a consensus on East-West economic strategy can he reached if Mr Reagan gives his best ear to his diplomats like Mr George Schultz, the Secretary of State. It will take skill to bridge the structural asymetries in the West towards East-West trade—the fact that U.S. trade is mainly in grain while Europe's is chiefly industrial goods, where CoCom controls bite, that the U.S. needs no Soviet energy while Europe does and so on. But it can be done.

But other voices in Washington, the Defence Department especially, are arguing that Western technology in general bas belped the Soviet Union avert an economic crisis which it is in the West's interest to precipate. It is extremely unlikely that the West has any such leverage or that, even if it had, it could be used to force a reallocation of Soviet resources out of the military sector. The denial of militarily sensitive technologies should not be broadened into economic warfare.

THE SHIPBUILDING INDUSTRY

A battle to stay afloat

By Andrew Fisher, Shipping Correspondent

BRITISH SHIPBUILDERS, along with tha rest of the world's crisis-hit shipbuilding industry, has one overriding thought on its collective mind these days—survival.

Ever since BS was nationalised nearly six years ago, the waters have heen at best choppy and often stormy. Extensive cuts in capacity and successes in winning orders have stemmed losses, hut bave come nowhere near wiping them ont.

With the world shipping industry going through one of its roughest periods in living memory, though signs have emerged of e eligbt upturn, companies like BS are having to struggle hard for business.

Recent orders from Mexico, worth over £45m, and Ethiopia, worth £25m, have helped allay the crisis at some UK yards. And the news that the Royal Nevy will order two more frigates of over £130m each will cheer the warship division. But the slump in world merchant orders is very severe and BS is one of many companies wondering how to keep yards alive.

The BS workforce—down by some 23,000 since vesting day to around 63,000—has been told starkly that at least 6,000 more jobs will have to go by next Marcb. If no new business comes in, it will be nearer 9,000.

Last year was tough enough, with only £300m of new merchant orders coming in after nearly £400m in 1981. But the scramble for contracts is now even more intense. Trading losses at BS for the financial year to March 31 1983, are likely to be four or five times higher than the previous year's figure of just under £20m.

So the BS chairman, Sir Robert Atkinson, has asked the Government for special help, including more favourable credit terms to pull in orders. The Government, whicb has provided £700m since early 1979 to cover losses, restructuring, and the bridging of the gap with much lower Far Eastern costs, is considering the reqoest.

No decision is expected until after the General Election on June 9, but whatever Government is returned then will face some extremely difficult choices.

A decision to provide new backing for BS would be regarded in some quarters as simply propping up a lame duck industry doomed to decline in the face of Far East competition.

However, a decision not to give substantial support to the UK yards would also carry a beavy cost, in terms of political support and increased unemployment, and could have strategic implications.

The truth is that shipbuilding in Britain and the rest of Europe bas long been in decline, though some specialised yards like Wartsila in Finland bave found profitable niches in sectors like icebreakers and cruise vessels.

Dominance in world shipbuilding has shifted to the Far East, where the Japanese and South Koreans have bigger and more productive yards. The seemingly inexorable rise of first Japan, aided by the 1970s supertanker boom, and then Korea to shiphuilding success has produced some bitter words in Europe.

But in the current market everyone is suffering—including Japan, whose expansion into the supertanker business in the 1970s (in common with many European yards) bas proved e ghastly mistake. Falling oil demand and the discovery of new crude supplies nearer to major markets undercut the market for tankers.

Despite the sharp cutbacks in recent years in Japan and elsewhere—Korea has also checked its rapid growth—shipowners still reckon the industry is far too large.

Dr Helmut Sohmen, a director of World International and son-in-lew of its chairman Sir Y. K. Pao, who runs the largest fleet in Hong Kong, commented: "The main problem in the wbole equation is shipyard capacity."

Added Dr Sohmen, an Austrian, "World shipbuilding has to be contracted until there is bope of a better market." So while companies like BS are desperate for new orders, many shipping concerns fear the tempting offers to build new ships being dangled by world yards will hinder any recovery if too many of them are taken up.

So far most owners have held back, though Sanko Steamship of Japan and a number of Greek owners hava been placing big orders at Japanese yards recently for bulk carriers. As the berths there are filled, prices could move up from denressed levels, eventually belping the rest of the ahipbuilding industry.

Nontheless, it will take a good deal to alleviate the gloom at world yards, as recent developments show:

● Spain's main state-owned yards are due to present plans soon to cut capacity and curb losses totalling some Pta 90bn (£420m) over the last four years.

● West Germany's four northern coastal states want federal aid for their yards of DM 100m (£26m) a year for three years plus a further DM 60m annually to subsidise contracts. Job losses affecting a third of the 11,000 workers et the largest German shipbuilding group, Howaldtswerke Deutscbe Werft, were decided in March by the company.

● Harland and Wolff, the state-owned Belfast yard which is outside the BS grouping, is making 700 more people redundant after tha 1,000 joh cuts announced last year.

● Japanese yards suffered a 48 per cent drop in new orders to 4.35m gross tons in the fiscal year to March 31, 1983. Of this total, new foreign business accounted for 2.64m tons, way down on the previous year's 5.32m.

Seen against the sombre background of the world industry, therefore, the problems of British Sbipbuilders are by no means unique. But after the befty cuts in jobs and capacity since nationalisation, BS is finding it less easy to pusb through further reductions.

The unions have generally co-operated in past cuts and industrial strifa has been limited. But witb up to 9,000 jobs now at risk, sit-ins have heen threetened. There were scuffles and jostling at a recent ship-naming ceremony in a Tyneside ysrd at which Sir Robert was present, but worker reaction to the redundancy spectre has been moderate so far.

The brunt of the cuts will be felt in the merchant yards, wbere nearly 3,700 jobs could be lost. "Prospects on the merchant side are extremely bleak," said Mr Ken Chapman, the new managing director at Swan Hunter on the Tyne.

Swan Hunter builds both naval and merchant ships. It employs 8,300 people, of whom 510 have their jobs at risk now. There is enough work in 1983 for the remainder, but 510 more jobs could go if no more orders come in as the workload tails off early in 1984.

"We are better off than most," said Mr Chapman. "There are not many yards with a fairly full load through 1983." Swan Hunter's order book includes two Type 22 frigates worth around £130m eacb, for delivery un tu 1987, and the controversial £30m replacement for the Atlantic Conveyor container sbip, sunk in the Falklands.

Also under way are a tanker for British Petroleum, a cable ship for Cable and Wireless, a newsprint carrier for a Norwegian owner, another container ship for Norway, and final outfitting work on a destroyer and the £250m Ark Royal aircraft carrier.

Along witb Harland in Belfast, Swan Hunter is the only UK yard which can build large container ships. Mr Chapman, a cautious optimist like most yard managers, bae not given up hope of more merchant orders—"I think an improvement could come."

It could come too late for many of the workers ot the Govan yard on the Clyde near Glasgow. Govan is well regarded at BS for tbe strides it has made in raising productivity and shedding the past notoriety of the "red Clyde" in shipbuilding.

Even so, its order book is down to less than £80m from £125m last summer. Two bulk carriers will be delivered to Canada by the end of August, with two others for Norway early next year.

"After that, we're dead," said Mr Eric Mackie, Govan's chief executive. But tbe yard is quoting for other ships and conversion work. Mr Mackie is bopeful that something will come out of this. "If we don't land something, 1,100 jobs ere at risk."

Govan employs 3,250 people. "Morale is beginning to wane a bit," said Mr Mackie. "The men are still buckling down, but they must see the end of the road and thet obviously upsets them a bit."

Scott Lithgow, just np the Clyde, is likely to suffer more heavily then Govan. Sir Robert has said that some 2,100 of the present 5,500 jobs would have to go there. He has complained that Scott, BS's lead offshore yard, has not dellvered products on time end "has not yet put its house in order." New offshore work is also hard to come by after past over-ordering.

The other offshore yard, Cammell Laird on Merseyside, also builds warships and is keen to win one of the new Type 22 frigate orders just foreshadowed by the Ministry of Defence. "We sball be going ell out to get it," said Mr Alastair Lamble, the managing director.

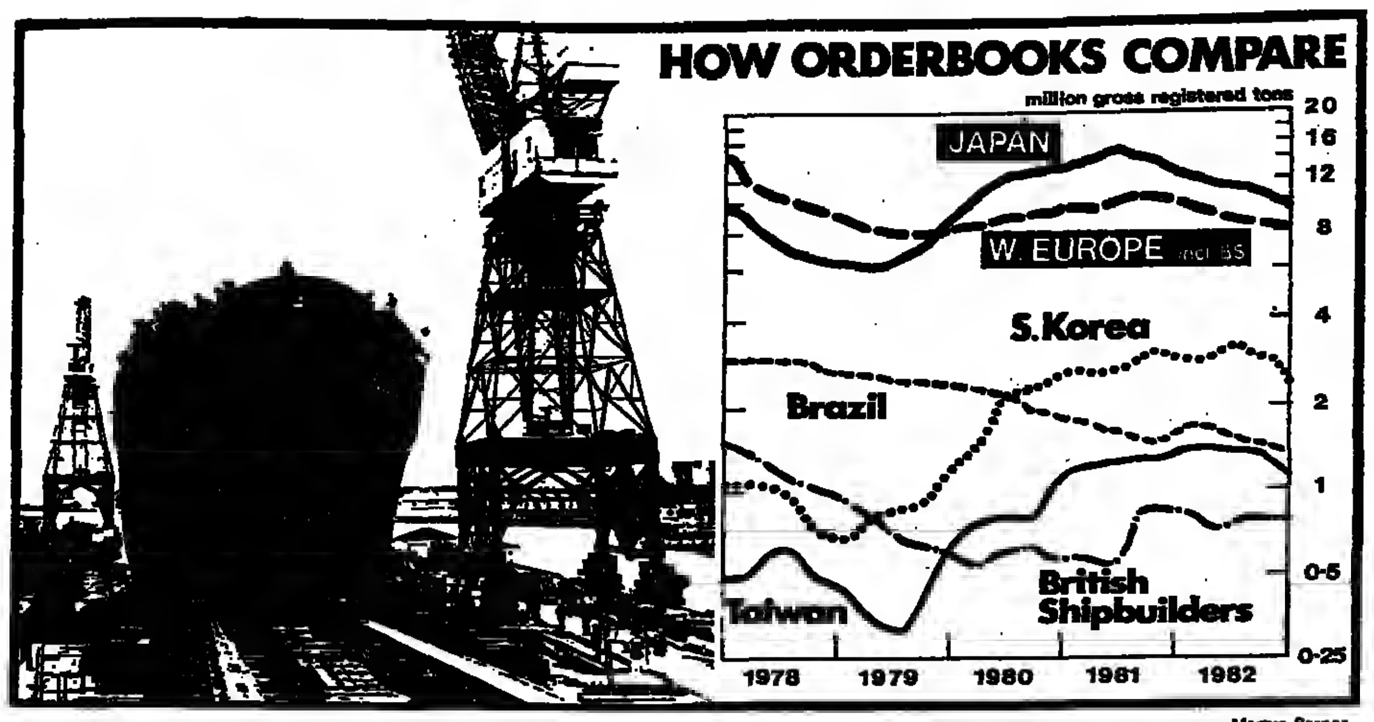
Some 1,400 jobs are at risk at the yard by next March, But an order for the frigate could cut this by 600. Numbers at the yard, which used to be run by Mr Graham Day, soon to return from Canada to succeed Sir Robert as BS chairman, have come down from 8,500 ten years ago to 3,500.

Later this year, the yard will complete a £65m drilling rig order for Dome Petroleum of Canada. It is also building a Type 42 destroyer worth £60m and a £20m jack-up rig for the Morecambe Bay gas field.

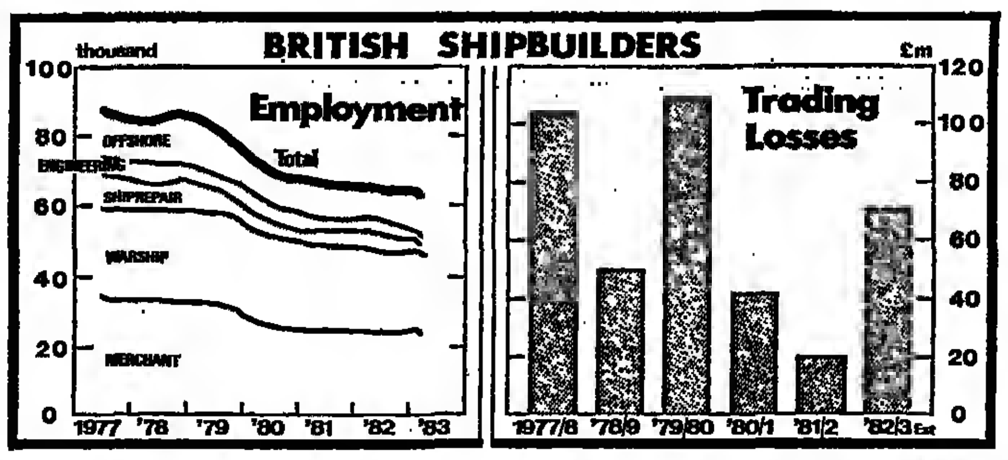
It is, said Mr Lambie, "a respectabla order book." But, he added, "It would be all the better if topped up with a Type 22." Cammell Laird hopes to bid for an oil production platform worth over £80m which a U.S. company is expected to order shortly. It would also like more submarine work.

Clearly, BS is not going to run out of work on one cataclysmic day and then sbut up shop. But enough new orders need to be won soon so that work is there to replace ships delivered later this and early next year.

"Once a yard runs out of work," said Mr Derek Kimber, a key BS merchant yard executive, "it is usually a terminal affliction." He was talking last summer. Since then, the search for a cure has become even more desperate.



Martyn Barnes



Martyn Barnes

Men & Matters

Beat time

Having got several singers and a dance studio on its listings, the Stock Exchange is about to acquire a discotheque.

Juliana's, the company which later today will announce its intention to apply for a full quote, makes its money by providing night clubs and international hotels with all they need to bold a disco — the disc jockey, music (or sound), and the lighting.

As tha decision not to go to the USM shows, Juliana's is no fun stock. This year it could make more than £1m pre-tax.

The company was started in 1966 by Brothers Oliver and Thomas Vaughan with a £200 loan from their local hank manager. Their first requirement was the hire-purchase down-payment on e couple of vans. In their first financial coup, they persuaded their local garage owner to pay the deposit.

Elder brother Oliver recalls: "I was 20 years old and earning £10 a week as a broker at Lloyd's. Thomas was studying hotel management. We both wanted to make real money by starting our own business. Discotheque management just seemed the ideal vehicle."

One of tha company's latest developments has been "Juliana's of London Clubs" —a worldwide organisation of membership night clubs. Paradoxically, there is no Juliana's of London club in London itself. "We haven't found anywhere exclusive enough yet," says the ambitious Oliver.

When dealings in Juliana's (named after the Countess of Liverpool) begin on Derby Day, the company could well be worth more than £12m, making both the Vaughans paper millionaires.

Poll tax

It takes time to get into the swing of an election campaign. Queries about housing and development policies at Conservative Central Office yesterday were referred to the office of the Environment Minister — "the chap, whatever his name is, who succeeded Heseltine."

"Tom King?" I suggested — "Who?" came the reply.

Across the road at Transport House, an aide was being bundled into Michael Foot's car to the airport. "Get in there with him Henry," he was advised," and tell him all about taxes."

Standing order

Differences among members of the London-based Arab Bankers' ment had been dissolved and Associstion do not run quite so deep, epparently, as my note last week on the resignation of deputy cbairman Sabih Shukri suggested.

Muddir Al-Hillewi, of Rafidain Bank, tells me that there has been some misunderstanding about his position. Thougb be took part in the discussion about the election procedures to wbich Shukri objected, Al-Hillawi says that he did not withdraw his own nomination as a candidate for the executive committee and was duly elected.

It ain't hay

I mentioued recently that Sir Neil Marten, wbo resigned as Minister for Overseas Development in January before retiring from his Parliamentary career, is grazing in equally verdant pastures as a director of Laurence Gould, a company offering agricultural economy advice worldwide.

Now Laurence Gould himself, a youthful 64, is stepping ont. He is taking his company to tbe Unlisted Securities Market later this month. As a business with a 24-year track record—ha started it with four other former ICI agricultural economists — and e turnover from fees of close on £3m a year, it is likely to attract attention from investors.

Gould likes to disguise his sharp economist's outlook on agricultural affairs with a disarming simplicity: "We are really peasants in my trade."

But besides advising more than 300 estates and farms in Britain he has built up an overseas business — mainly in the developing countries — which now accounts for some three-quarters of his company's income. He also farms himself in Australia.

Where will Laurence Gould progress after going on the USM? Advising farmers in other European countries offers his business the best potential for expansion, he believes. He admires the way other EEC countries have used the Common Agricultural Policy to specialise in things they can do well — for instance, pig production in Denmark, cereals in France, and milk in Holland.

But what should British farmers do towards a better future? Could believes they sbould follow the same rule and try hard at what they are good at — cereals in East Anglia, root crops in Lincolnshire, milk in the West Country, and sbeep on the hills.

Nott out

Sir John Nott, former Defence Secretary, showed no signs of yearning for the bustings yesterday when he talked from bis office in Lazards merchant bank about the visit to the Middle East which rang down the curtain on bis Parliamentary career.

He was still Member of Parliament for St Ives when he embarked on e round of consultations with government leaders in Iraq, Kuwait, and Saudi Arabia—ba had talks with King Fahd and Crown Prince Abdullab.

Then came the news that Mrs Thatcher had called a general election.

By the time Sir John was able to return to London Parliament ha dbeen dissolved and be was no longer a politician.

Although one of Thatcher's closest advisers in earlier election campaigns Nott is unlikely to hit the campaign trail this time.

"I think the electorate is more interested in tomorrow's team than yesterday's team," be says.

Eastern promise

Welcome signs in Western Europe, Britain, and America, of the economic crisis having bottomed out have not gone unnoticed in tha East bloc.

It is rare for East European economists to offer unsolicited prognoses about Western economies. Yet Jurgen Kuczynski, an adviser to East Germany's president Erich Honecker, has been tempted to bave a go.

Western economic forecasts are suffering from schizophrenia, is his theme. Warming to bis work be claims that a genuine recovery in the West will not amount to more than "an interruption of the cyclical crisis."

Kuczynski believes that capitalist economies, after recovering "from the depths of the crisis," are likely to grow over the next two years—but not for much longer.

Clearly he is not a chap to soften the blow. He promises the West there will be a new period of depression before the next cyclical crisis begins."

Tricksters

A caller to London Broadcasting's pbone-in yesterday morning complained of people, "wbo contemplate their navels while keeping one eye over their sbonlders . . ."

Observer

Letters to the Editor

Co-operation between central banks over supervision

From the Chairman, Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives

Sir,—I could not help but raise an eyebrow at the concluding remarks in your April 19 editorial, "Snub for U.S. bank regulators." You said, "The problems of the world banking system have already led to increased co-operation between central banks over supervision." Though I have not seen evidence to this effect, I hope your observation is accurate. You went on to say, "It would be unfortunate if Congress were to embark on legislation that reduced the capacity of American regulators to respond flexibly to the demands of international co-operation." If co-operation, flexible or otherwise, substantially characterised the relationship among the world's bank regulators, I could fully share your concern about U.S. legislative actions. What concerns me, however, and should concern you too, is the apparent confusion among our bank authorities and what that reveals about the past and portends for the future.

I personally place a very high priority on the need for international supervisory co-operation. Regarding how successful national authorities have been in the past in this respect, however, I concur with the finding of the Treasury and Civil Service Committee of the British House of Commons: ". . . in view of the evidence that banks unduly relaxed their traditional standards of prudence in their international risk lending without being brought into line by the official supervisory authorities, we are not wholly satisfied with present arrangements for bank supervision."

The co-ordinating group for the banking authorities of the Group of Ten Nations and Switzerland, the Basle Committee on Banking Regulations and Supervision Practices, is often cited as a model of international co-operation. I find it difficult to understand such praise. The committee meets in secret and its deliberations are confidential. Moreover, what little is known of the committee's decisions suggests something quite different from a unified international perspective.

The Basle committee is most often praised for the "Concordat of 1975." Even regarding this the committee's most significant action, however, there appears to be substantial disagreement. The Federal Reserve implied one interpretation of the "Concordat" in its 1980 request for comments on proposed reporting requirements to implement the 1978 International Banking Act. Regarding the Federal Reserve's interpretation, the Bank of England commented: "In their present form these proposed requirements seem to us to imply an approach to supervision which runs counter to a basic principle agreed to by the governors of the G-10 Countries and Switzerland in 1975—namely that the primary responsibility for supervising banks incorporated in a particular country rests with the central bank or other regulatory authorites of that country."

Regarding that same interpretation, the Deutsche Bundesbank commented: "But the principles of the 'Concordat' endorsed by the central bank governors of the G-10 Countries and Switzerland in 1975 should be applied, according to which the primary responsibility for supervising banks with establishments abroad rests with the supervisory authorities of the country in which the parent bank has its registered office."

And, the Swiss National Bank wrote: "*According to the principles worked out by the committee and approved by the governors in 1975, primary responsibility for the supervision of a foreign branch, subsidiary or agency, doubtlessly lies with the host authority.*"

Thus, we have four central banks and four different interpretations of a principle upon which agreement had purportedly been reached five years earlier! Clearly, and I trust you agree, supervisory co-operation is in need of improvement. Please rest assured that if the U.S. Congress legislates in this area, it will do so to encourage co-operation and not to hamstring it.

Fernand J. St Germain,
2129 Rayburn House Office Building,
Washington, DC 20515.

Mr Scargill and the Nazis

From Mr J. White

Sir,—You quote Mr Arthur Scargill (May 13) as saying that if the Tories win the election his attitude would be "the same as that of the working class in Germany when the Nazis came in. . . we would oppose them." Clearly Mr Scargill is not aware that without massive support from the working class Hitler would not have come to power. The great mass of the German people failed to see the evil behind the banners and patriotic songs.

The full title of the Nazi Party was the National German Socialist Workers Party. Its programme included the nationalisation of large landed estates, and of the largest industrial concerns, rigid control of the Press, of the currency and of stock market operations. It also proposed and in some cases implemented the confiscation of personal fortunes while failure to disclose holdings of bullion or stocks abroad were punished by heavy terms of imprisonment. Judging from some of his recent speeches much of that programme would have met with Mr Scargill's approval.

The opposition to Nazism came from two very different quarters. The Communist Party, and the landed aristocracy, especially in what was then East Prussia. This category included a considerable number of officers in the armed forces. Nazism was opposed also by many of the big industrialists though later many of them jumped on to the Nazi band wagon. Nazism was also opposed also by many intellectuals.

The anti-Nazi group with which I worked from early 1937 to April 1939, consisted of a former colonel in the Prussian Guard, a senior official of Krupps, the 18-year-old daughter of an aristocratic family, a doctor in an Essen hospital and a university professor. Only two survived the war.

John Baker White,
Street End Place, Street End,
Canterbury, Kent.

Achievements in Guyana

From the High Commissioner for Guyana

Sir,—Your article of April 29 was grossly misleading on Guyana and on President Burnham. It asks a larger question about the motives in pursuing such a subjective and superficial approach on a developing country in today's disturbed economic and financial environment.

Not a single tangible achievement, obvious to the most casual onlooker, was recognised. The completion of substantial infrastructural development schemes responsible for the considerable expansion of the rice and sugar industries under the same Burnham administration; the achievements in sugar production, notwithstanding prevailing low market prices, and the ability to maintain quotas in overseas markets; the expansion in fisheries and forestry, the bridging of the Demerara river, and the expansion of electrification were completely ignored.

The production, variety and availability of nearly all of the staple foods conclusively challenge the argument that Guyana is a "basket" case. Where there is a short-fall due to restricted foreign exchange, as in the case of imported wheaten flour, the failure to appreciate the Guyanese capacity to adapt local alternatives, rice flour, to respond to this need was blatantly revealed in the trite comment about a campaign to change eating habits.

Despite all domestic efforts and the imaginative use of mineral, agricultural and human resources, Guyana could not escape from the deepening recession in the global economy with its accompanying high interest rates and inflation. In 1982 the export earnings of our major commodities, bauxite, sugar and rice fell by one-third severely affecting the capacity to import capital equipment for the development programme. The structural reorganisation under way responds less to IMF influence as suggested than to the realities of our adjustment programme.

Reliance on "rumours" or "recent talk" of a possible military coup or on vituperation like "Guyana is run by and for Mr Forbes Burnham" say more about the superficial sources than about the real Guyana. The implications in the acknowledgement that the possible military coup does not carry much credence are sadly missed. It is the continuing availability of food though subject to inflationary pressure, which has resisted the promotion of a coup. This lack of understanding of the situation was further revealed in the misstatement that other necessary complementary measures, such as the decontrol of rice prices, have been ignored on political grounds.

Moreover, the random play on the racial elements in the Guyanese society further underscored the distance from objective and reasoned analysis.

C. L. Joseph,
3 Palace Court,
Bayswater Road, W2.

Cellular radio development

From the Chairman, Joint Radiophone Technical Interfaces Group

Sir,—Mobile radio users (Letters May 9) need not fear that cellular radio's introduction will be delayed.

Development is going ahead as quickly as possible to meet the 1985 start date announced by the Department of Industry last December. All parties involved are dedicated to getting the service going at the earliest possible date.

Standardisation could not begin until a decision was reached on the system to be used. This was announced on February 21 and the first specification was published in draft form on April 15—in less than two months. This is clearly not "the same old background of slow-moving committees" that Mr Stevenson alleges.

In fact JRTIG (Joint Radiophone Technical Interfaces Group) was set up as the quickest way of defining common interfaces between the key parts of the Racal and British Telecom/Securicor systems. It includes representatives of BT as well as the two companies and DoI but is in no way Telecom "dominated."

Working through British Standards Institution technical committees—necessarily representing a much wider range of interests—would take much longer.

JRTIG's draft specification standardises the interface between the mobile equipment and the base station, to allow users to subscribe to either system without having to modify equipment. It permits manufacturers to start preliminary design work. Remaining aspects, due to be determined in the next few weeks, are not expected to result in major design changes.

JRTIG considered it unwise to tie designers' hands by specifying field strengths of service areas. These are matters for the operating companies.

The AMPS system is not suited to direct transfer to a British environment. For this reason, AT and T's co-operation would result neither in an earlier start nor in any greater support to British industry than already available from JRTIG.

C. J. Hughes,
British Telecom Research Laboratories,
Martlesham Heath,
Nr Ipswich, Suffolk.

Portable pensions for all

From Mr P. Darwin

Sir,—Mr Ross is correct in claiming (May 10) that he was misquoted in the Centre for Policy Studies paper "Personal and portable pensions—for all" and as the co-author primarily responsible for that error I write to express my regret. He stated in his letter that the misquotation had already been acknowledged.

I hope, however, that he will agree that we were right to describe his paper as one of "admirable clarity." It is one of the relatively few that I have seen written by someone closely connected with the pensions industry not full of jargon, and it certainly does not claim that all is well within the pensions industry. I have agreed with Mr Ross that I will send a copy of his paper to anyone contacting me.

In his paper Mr Ross does say, inter alia: "The value of the benefits of individual members of pension schemes will often represent the largest single asset that person will ever possess." What he does not say is that the asset is not a pure asset but a contingent asset; contingent in some cases on the employee not leaving his employment, whether voluntarily or not, and contingent on the pension scheme not being wound up or its rules being changed, an event that takes place, inter alia, when the employer goes into receivership or liquidation. Mr Ross later in his paper comes close to it. "At the moment a member of a conventional occupational scheme . . . has the hope that the trustees of their fund will, in the fullness of time, have the resource to maintain the value of the pension in some way. Actually that is a hope rather than an expectation." Though here of course he *is referring* to pensions in payment, not to future putative pensions.

The basic logical inconsistency of final salary schemes is that promises made to employees are based on final salary (without necessary appreciation by the employee that he must stay in his present employ) but the funding to support such promises is based on future investment returns. If long term salary growth exceeds investment returns, the employee runs the risk that his scheme will be underfunded, and his hope not met; if long term investment returns exceed salary growth the benefit can go not to the employee but to the employer.

In our paper we said: "We wish to see a policy that encourages 'self employed pensions for all.' This would allow those in employment to have the option to supervise their pensions through approved segregated S226 type funds as the self employed do. What is more, such a policy would encourage job mobility without pension penalty or revenue costs except insofar that people might save more." As a self employed person, I contribute annually to several S226 schemes. They seem to be working admirably in that their investment performance (on which my pension will depend) has been excellent, and I get clear annual reports. Obviously prior to retirement I will not know how much my pension will be: but equally, prior to the day or year preceding his retirement, no employee can know what his final salary may be. I, however, know the assets working for me; the employee does not.

P. W. Darwin,
Basildon House,
7-11, Moorgate, EC2.

Votes for Britons abroad

From Miss E. Broadbent

Sir,—I wish to express my support for the views and suggestions put forward by Mr Raymond-Cox on May 10. I belong to that category of U.K. citizens who are denied their right to the vote.

I am a British citizen, resident in West Germany since 1971. Since reaching the age of majority, I have only been able to vote once — in 1969. Since then, my parents have moved to another constituency so that my interests are no longer concentrated in the constituency in which I was registered. I do not possess any residential property in the UK either. If the recommendations of the Parliamentary Home Affairs Committee are adhered to strictly, then my present depressing situation will not change.

Why do successive British Governments presume that our interest in the UK ceases as soon as we leave the country to take advantage of the freedom to work where we choose in the EEC? Many "exiles" 'fly the flag' much more enthusiastically than many UK residents who, seemingly endlessly sometimes, bemoan the current state of the country. Perhaps if we had the right to vote too, we could help to change the situation.

(Miss) Eileen Broadbent,
Graumannsweg 46,
2000 Hamburg 76, W. Germany.

The pound in his pocket

From Mr A. Brooke

Sir, — Mr Strong (May 12) need have no fear that the issue of the £1 coin will have an inflationary effect, at least so far as men with trouser pockets are concerned. For some time now (probably since the design of the pound note was changed) I have given up putting them in my wallet and find it far easier to tuck them into my back pocket. The risk of having my pocket picked is, I feel worth taking if only pound notes are going to be kept there.

Now that pound coins are in circulation and making such an agreeable contrast to the disgraceful scraps of paper being used as bank notes nowadays, I hoard them for as long as possible before having to spend them. I suppose this is simply another case of bad money driving out good.

A. W. Brooke,
329c, Grove Street, Petworth, West Sussex.

A first class misjudgement

From the Secretary, Central Transport Consultative Committee

Sir,—The letter from Rowena Mills (May 10) is typical of the complaints received by my committee, the rail users watchdog, following the decision by British Rail to discontinue first class day return fares. We have been told that in various parts of the country travellers will be subject to a fares increase of almost 100 per cent on their journeys.

The committee does not believe that passengers will be prepared to pay the higher first class fares. They will desert the trains for other means of travel. It is surprising that this move has been taken so soon after B.R. launched its campaign to increase business travel. Properly marketed, we are sure there would be a good demand for first class day return fares.

The committee is very critical of the decision and are pressing British Rail to change its mind.

L. A. Dumelow,
3-4, Great Marlborough St, W1

Britain's Election

The polls can shift

By Peter Riddell, Political Editor

ARE THE polls right and is the British General Election all over bar three and a half weeks of saturation media coverage? No, or rather not necessarily, is the answer of both politicians and pollsters.

The record of past general elections is that opinion polls at the start of a campaign are not an accurate guide to the eventual outcome. Voters' preferences can, and do, shift and the polls are an inexact guide, though better than often credited.

Consequently, it would be extraordinary if the Conservative lead of between 12 and 21 per cent in recent polls did not narrow, possibly considerably, before June 9, though the Tories would have to make a *mess of the campaign not* to win some kind of majority. Similarly, on the past record of the Liberals, the Alliance — which now combines them and the new SDP — could improve substantially on its present showing.

Opinion polls are, after all, only a snapshot at one particular *time* of the *views* of a very small section of the electorate on an issue on which many people may not have decided views. Hence there are bound to be errors and variations.

The main organisations conducting national political surveys in Britain (Gallup, Market and Opinion Research International, NOP, Marplan and Harris Research) generally interview a sample of between 900 and 1,500 voters in about 100 constituencies.

Interviewers select respondents according to a quote of age, sex and class, though the purists fear this omits the less accessible. The resulting figures are often adjusted to take account of further proportional weightings such as how respondents voted in the last election, whether they belong to trades unions and how certain they are to vote.

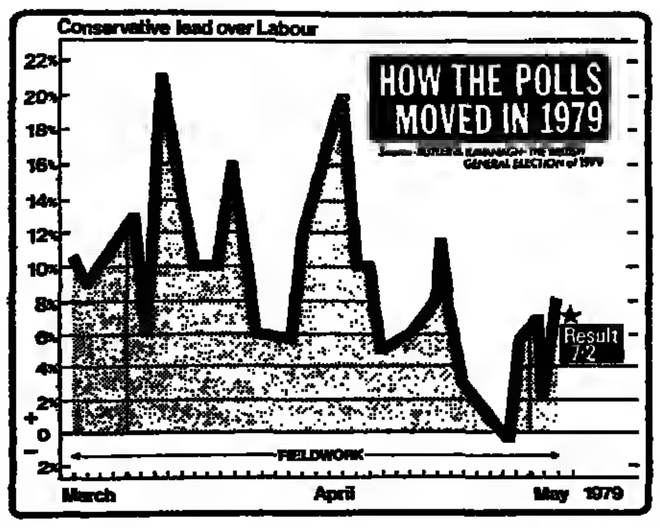
These weights can make a considerable difference to results. *Similar problems arise* with telephone surveys as conducted, for example by Audience Selection, since only just over two-thirds of households have phones and the adjustments are difficult.

Yet how good are the polls? The critics point particularly to 1970 when all but one last minute survey from ORC predicted Labour as the winner rather than the Tories, the actual victor. Most polls concluded from this humiliation that there had been a last minute shift to the Tories which they had failed to detect. Hence they now conduct more last minute surveys and try to minimise the time between interviews and publication, often down to a day.

Mr Robert Worcester of MORI, claimed in a paper to a Market Research Society conference in Brighton last year that a quarter of all the polls since 1945 had been able to estimate the Conservative and Labour share of the vote within plus or minus 1 per cent. Over 60 per cent had forecast the result within a margin of 2 per cent either way. He contrasted this favourably with the accuracy of most market research and of the Meteorological Office.

Unfortunately, there is no evidence that the polls have become more accurate over time. There does not appear from the evidence to be a built-in bias in favour of either Tories or Labour, but there is a tendency to *overestimate the* share of the Government of the day (of whichever party) and to underestimate the Liberals.

Yet with all these qualifications the polls are broadly right about the direction in which opinion is moving even if the precise figures needed to be treated with more caution than press headlines often permit.



Bob Hutchison

The accompanying chart records the estimates of the Conservative lead in the 1979 campaign. The two projections of over 20 per cent were both produced by Research Services which had little regular experience of this area and they were dismissed at the time as rogue polls. Even discounting these projections it can be seen that the projected size of the Tory lead narrowed during the campaign from generally over to under 10 per cent.

In practice, floating voters are a larger group than the 1979 results would imply—perhaps up to a third of the electorate. This is because normal opinion polls only measure people's preferences at one time and can only show net changes between *different* dates. *They* do not show the complex series of switches in all directions which in fact occur during elections. This can be done by re-interviewing a panel of voters; a MORI exercise in 1979 found that 23 per cent of voters had changed their minds during the campaign.

Moreover, there are strong reasons for believing this potential for shifting has increased. In the past two years the opinion polls—and by-elections—have shown an unprecedented volatility in voter preferences and a weakening of old party ties.

The most revealing pointers often come from questions other than those measuring voting intention. For instance around a quarter of Tory and Labour *supporters* have recently said they might consider switching to the Alliance to keep the other party out. But there is an even larger proportion of current Alliance supporters who might desert the Alliance.

So the Alliance is fighting to establish a position amid a soft morass of votes. In the 1979 election the Liberals on their own started from a base of between 5 and 10 per cent, according to the polls, and finished with a 14 per cent share. Further evidence that the campaign may help the Alliance was provided by the Gallup finding in the Sunday Telegraph that Mr David Steel had made a much more favourable impact than other party leaders as a result of last week's television coverage.

Yet the Tories start with an advantage which it will be hard to overcome. Not only do they have a much larger lead at the *start of the campaign than* in 1979 but they are also preferred to Labour on several key issues —defence, disarmament, the EEC and prices — according to a MORI survey in the *Daily Express*. Labour is preferred on unemployment and the social services, two points which the party will be making the *most* of during the campaign.

Do the polls affect the result? A Gallup survey after the last election showed that two-thirds of electors (and a higher proportion of voters) claimed to have seen or heard the results of an opinion poll, but only about 2 per cent of the total admitted to being influenced.

The involvement of the Alliance not only makes it harder than usual to read the polls, but also make it much more difficult to translate the polls' measurement of votes into seats won. In some seats only 35 per cent of the vote may be enough to win. There may also be considerable local and individual variations which a small national sample cannot catch—for example, the personal pull of sitting MPs standing for the SDP. So no one should count on a landslide victory for the Tories, yet.

FINANCIAL TIMES

Tuesday May 17 1983

PARLIAMENTS SPURN SYRIAN AND PLO OPPOSITION TO TROOP WITHDRAWAL PLAN

Israel, Lebanon back U.S. accord

BY STEWART DALBY IN JERUSALEM, NORA BOUSTANY IN BEIRUT AND PATRICK COCKBURN IN DAMASCUS

THE ISRAELI and Lebanese parliaments yesterday spurned Syrian opposition and overwhelmingly approved the U.S.-backed accord on withdrawal of foreign troops from Lebanon.

Syria, with 35,000 troops in Lebanon, refuses to recognise the agreement, which is due to be signed today in separate ceremonies in Kiryat Shmona in Israel and Khalde in Lebanon.

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation (PLO), concluded a meeting of his mainstream Fatah grouping yesterday with a condemnation of the "dangerous" withdrawal agreement. The attack came in a statement which acknowledged for the first time a mutiny among Mr Arafat's forces in the East and North of Lebanon.

The unrest centres on hardliners in the Yarmouk Brigade who want a more active military role against Israel. Mr Arafat visited Lebanon yesterday in a bid to quell the rebellion.

Palestinian forces in Lebanon total about 12,000 following the evacuation from Beirut last year, although in recent weeks the Syrians have allowed a further Palestinian brigade to move into the Bekaa Valley close to Israeli lines.

The Israeli-Lebanese agreement on troop withdrawals was approved unanimously by the Lebanase parliament, meeting at the "Mansour Mansion." The building was seal ed off during the debate by a ring of armoured personnel carriers and Lebanese army vehicles.

The Israeli Knesset approved the accord by a majority of 57 to six with 45 abstentions. Two ministers who voted against the agreemeot in cabinet were not present for the vote. They were Mr Ariel Sharon, Minister without Portfolio, and Mr Yuval Neeman, Science Minister.

Israeli officials were considerably heartened by the size of the Lebanese vote. They feel President Amin Gemayel may have convinced Moslem and pro-Syrian members of his Government – including Mr Chafiq al-Wazzan, the Prime Minister – that the Lebanese must display unity in seeking Syrian withdrawal.

This, they say, will add to the pressure on Syria to pull out, thereby allowing the agreement to be implemented. The Israelis insist that they will withdraw their 25,000 troops from Lebanon only wben the Syrians and PLO also leave.

Syria nevertheless continues to stick to its hard line, saying its troops are in Lebanon by invitation and that Israel should not be rewarded for last June's invasion. Damascus believes the troop withdrawal agreement in effect makes Lebanon an Israeli ally, which should therefore not be dealt with.

Yesterday, Mr Abdel Halim Khaddam, Syria's Foreign Minister, was quoted in the pro-Syrian and Libyan-backed oewspaper As-Safir as insisting that Syria would have nothing to negotiate with Lebanon once the agreement is signed.

But President Gemayel's evident enthusiasm for the accord, and his intensive diplomatic effort to win international support for it, has added strength to Israeli hopes that the Syrians will finally withdraw from Lebanon.

Israeli officials point out that although Syria was invited into Lebanon in 1976 during the civil war, its mandate as Arab League arbitrator has loog since run out. They say President Hafez Assad gave the Lebanese an undertaking earlier this year that Syrian troops would be withdrawn if the Israeli left.

The officials further argue that if President Assad insists on remaining, he will become isolated in the Arab world, since Syria would be occupying a fellow Arab country against its Government's will, and would be considered a Soviet proxy.

Diplomats in Damascus, Jerusalem and Beirut agree, however, thet if neither Syria nor Israel withdraw their troops in the face of their irreconcilable aims, they could drift into war.

Doubts on pull-out agreement, Page 4

Prudential UK to sell shares in S. African subsidiary

By Charles Batchelor in London

PRUDENTIAL Corporation, the largest UK life assurance group, is to offer a third of the shares of its South African subsidiary to the public as the first move towards a public listing for that company.

The Prudential Assurance Company of South Africa is the sixth largest life office in the country and contributed four per cent of the group's after-tax profits last year.

The Prudential is the latest in a series of UK companies to dispose of part or all of its South African interests. DRG, the stationery and packaging group last month completed the sale of its South African operations to Kohler, a local group, for $31.2m.

The reason for the Prudential share placing is believed to be the company's wish to heighten its public image in South Africa and make it easier to sell its services.

The final go-ahead for the offer has still to be given and senior British executives of the company are in South Africa to conclude arrangements.

The Prudential – currently the biggest foreign-owned life insurance company in South Africa – is the third British insurer to open up its business to local participation in the past few years. The Commercial Union and Legal & General have already taken this step.

The South African company made after-tax profits of R4.8m ($4.36m) in 1982 oo premium income of R82.7m. The market value of its assets amounted to R1.11bn.

It employs nearly 700 people and has 15 branch offices as well as its headquarters in Johannesburg.

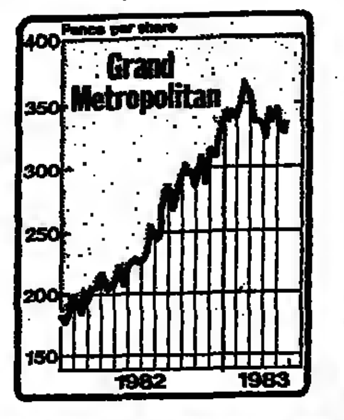
The Prudential group operates through branches in most foreign countries, including Australia, New Zealand, Canada and Hong Kong. It has overseas subsidiaries in Kenya, South Africa and, alongside its branch operation, the Constellation Assurance Company in Canada.

The Prudential group made an after-tax profit of £55.6m in the year ended December 31 on premium income of £1,38bn.

THE LEX COLUMN

Dollar premium at Grand Met

Grand Metropolitan's share price has not fallen following the publication of profit figures since January 1980 and yesterday the company had no difficulty in extending this honourable record. At £113.6m, pre-tax profits for the six months to March were 52 per cent up on the previous year and well enough ahead of estimates to leave the shares 7p higher at 335p, where the prospective yield is 4 per cent.



Grand Met's trading divisions can admittedly claim little of the credit for this advance. Last year's rights issue chipped around £7m off the interest charge; Liggett's U.S. tobacco margins profited from progressive price escalation ahead of a duty increase and the better wheather packed the punters into the betting shops and bingo halls.

But, as the consistently positive response to Grand Met's figures suggests, the group has a knack of making its own luck. In the latest six months, for example, the foreign hotels were again making a very small return on an almost embarrassing level of capital employed. Sterling's fall against the dollar might therefore have been expected to work against Grand Met.

In practice, however, Grand Met has overfunded its foreign currency assets with sterling liabilities to the tune of around £200m. This mismatching may not be recommended in corporate treasurers' text-books but the upshot is that, at group level, currency movements have benefited pre-tax profits by roughly £5m, while reserves have profited by no less than £29.3m.

Within the divisions, Grand Met has some hard grind ahead of it. Even allowing for disposals and a sluggish market, the performance of the hotels is woefully inadequate, brewing has flattened out now that the reorganisation programme is past its peak and the UK food business needs spicing up with new products. But the group can still count on a handful of truly outstanding performers – notably across the Atlantic – and its burning desire to spend money has been contained for the moment. With interest and exchange rates at their present levels, Grand Met could cruise to £270m pre-tax this year and a figure not far short of £300m must be on the cards.

Fitch/Linfood

The Fitch Lovell Board has stepped back from what promised to become a major clash with its shareholders by accepting, at last, Linfood's winning bid of £40.8m for Key Markets. And shareholders who have been snowed under by a series of proxy forms coloured white and green in recent weeks can sign any of them to support this single outcome.

It would have been difficult for the Fitch board to proceed in any other way. Maintained support for a lower Safeway offer would have been acting directly against the interests of shareholders. Already the proxy form request for shareholders to vest the chairman with powers to act in their interests was looking threadbare in the light of the company's over-enthusiastic acceptance of what in retrospect was a low price for Key Markets. Fitch emerges with a cleanish business portfolio, liquid balance sheet and a prospective p/e of 13, fully-taxed. The rating is above that of the food majors, but some level of bid premium is likely to remain in the price even though Linfood is to retire, satiated. Fitch shares rose 1p yesterday to 142p.

Unilever

Unilever's first-quarter results have a tired look to them, with pre-tax profits 9 per ceot lower at £163m oo comparable exchange rates. U.S. investors, whose enthusiastic buying has pushed the NV price ahead over the last year, are inspecting an even duller set of figures. The dollar comparable shows a decline of 22 per cent at the oet level.

The underlying picture is less gloomy – flat rather than declining. Exceptiooal profits in the comparable period have turned into losses to the tune of perbaps £10m, while a £4m increase in interest payments seems slightly freakish, given the strong cash inflow. Lower profits in Europe were partly due to the onusual timing of the impact of the EEC Christmas butter sales on the margarine business, and heavy promotional expenditure has undermined a buoyant personal products performance. By contrast North America showed strong growth, partly because of a relaxation in competitive pressures.

The pressure continues to build up in Africa, where exports to Nigeria are being squeezed and Francophone countries have turned sour. Domestic Nigerian businesses have held up so far, but are likely to run lower in the coming quarters. The group's pre-tax outcome for the year remains likely to be about £730m, against £725.4m, although the better trend may not be apparent till the second half. Meanwhile U.S. attitudes are likely to be the main determinant of the share's movements, and yesterday's Wall Street reaction helped pull the price down 15p to 740p.

USH

The onset of sterling's slide against the dollar last autumn virtually coincided with the beginning of Uoited Scientific Holdings' financial year, while its first-half figures also benefited from conversion at the low point of $1.48 ot the end of March. The impact of these currency factors is not identified in the £2.1m increase in pre-tax profits to £6.7m: but probably only a quarter or so of the increase in sales – also up by 40 per cent – came from volume, with perhaps a half generated by higher margins and the rest from translation effects.

The market had already taken account of USH's strong position in overseas markets, but the shares still ootched up another 13p to 413p last night. This maintains the company on the sort of glamour rating – if it manages pre-tax profits of £16m for the year; the multiple is still almost 30 – which discounts continuing strong currency benefits, to say nothing of an improvement in the underlying performance. USH is the sort of company for which a single order makes a world of difference. But although there are said to be discussions on an Alvis deal in the pipeline, pre-tax margins actually fell in the six months against the second half of last year, and it may be looking for an acquisition to recapture some of its old zip.

MBB and Matra in weapons venture

By James Buchan in Bonn

MESSERSCHMITT-Bölkow-Blohm (MBB), the West German defence and aviation group, has signed agreements with Matra of France to develop jointly two weapons systems in an effort to cot costs and improve the gloomy outlook for state orders.

MBB, which is cutting its workforce by 2,500 this year in the face of recession in civil air transport and weak defence orders from Bonn, announced yesterday that the two companies would combine to develop an air-to-surface "scatter" system for aircraft and a remotely piloted reconnaissance drone.

The two agreements are the first in armaments between the two companies, which have beeo working independently on these projects.

For the Tornado multi-role aircraft, MBB developed the system known as MW-1, which scatters large numbers of small munitions against concentrations of tanks or aircraft on the ground. The system will be combined with Matra's Apache system and MBB bopes to be able to start production in 1988.

MBB wants to begin producing the drone in 1989. The project will involve joining its Turan, a relatively cheap, re-usable vehicle for frontline reconnaissance, with Matra's Scorpion project.

Zambia in deal to reschedule debts

BY OUR FOREIGN STAFF

ZAMBIA has reached agreement with its principal Western government creditors in the Paris Club to reschedule its official debt payments owing in 1983, according to a statement from the French Ministry of Finance.

The deal represents the second stage of a three-part recovery programme, and follows agreement last month on an SDR 211.5m ($94.32m) standby credit with the International Monetary Fund, designed to tide the country over its acute balance of payments problem.

The statement said that outstanding payments oo official debts, as well as interest and principal falling due in 1983, would be rescheduled over 10 years, with a grace period of five years.

According to the latest financial report published by the Bank of Zambia, total public sector foreign debt amounted to $3.33bn in December, 1982. Accumulated arrears came to $268m, and debt service due in 1983 was expected to amount to $851).

The Zambian government has already agreed to repay in full all the debt service owed to multilateral financial institutions such as the World Bank and IMF. Interest on short-term debt is also to be paid.

Finsider reduces deficit sharply

By Rupert Cornwell in Rome

FINSIDER, the Italian state-controlled steel industry holding company, has reported a decline in losses last year, from the record L2,131bn ($1.4bn) of 1981 to L1,436bn. The deficit is almost entirely due to the problems of Italsider, its most important operating subsidiary.

The loss, which reflects the difficulties of the steel industry internationally, will automatically entail a substantial capital writedown and re-subscription, to be carried out by IRI, its dominant shareholder, the public-sector conglomerate that already owns 98 per cent of Finsider's equity.

The annual meeting of Finsider, scheduled for June 30, is expected to approve a reduction in the company's capital to L2,038bn, with the new shares being acquired only by IRI.

Figures released by the group show that total sales in 1982 reached L8,700bn fractionally below the level of 1981. The stagnation reflects a decline in exports, down from 44 per cent of the total to only 33 per cent last year, and the abrupt weakening of internationals markets in the second half of 1982.

The total loss of L1,436bn reflects the basic dilemma of Finsider. The gross operating margin rose to 7.7 per cent of sales, compared with only 3 per cent in 1981. But depreciation charges accounted for L729bn.

Although Italsider remains deeply in the red, some of the specialist subsidiaries of Finsider – including Dalmin, its pipes manufacturer, and Italimpianti, the international plant process concern – continue to operate profitably.

Leroy-Somer looks to U.S. and Germany

By David Housego in Paris

LEROY-SOMER, the French electric motor and pump manufacturer, is planning new acquisitions in the U.S. or West Germany with the help of the FFr 95m ($13m) of new capital that it is raising.

The company said yesterday it was seeking to strengthen its marketing base in both countries and wished to purchase a local company with a strong sales network.

Leroy-Somer, since its acquisition last year of the electric motors division of Alsthom-Atlantique, the engineering concern in which the state-owned CGE has a 65 per cent stake, now considers itself among the major world manufacturers of electric motors, behind General Electric, Siemens and ASEA.

The capital is being raised through a three-to-one rights issue of 237,724 shares with an issue price of FFr 400 a share. The subscription date closes on June 2.

The group reported net consolidated profits last year of FFr 41m on a turnover of FFr 2.62bn – FFr 2.9bn including the sales of Alsthom's motor division taken over in July. This compared with profits of FFr 37m in 1981.

The group is looking to an increase in turnover to more than FFr 3.1m this year in spite of stagnation in the domestic market.

Exports accounted for 37 per cent of sales last year, but Leroy-Somer has only a small market share in West Germany and North America. Sales amounted to about $10m in the U.S. and C$10m (U.S.$8.15m) in Canada.

Since taking over Alsthom's motor division, the group has spent FFr 47m to update its plants.

Gorbachev in new role

BY ANTHONY ROBINSON IN LONDON

THE GROWING importance of Mr Mikhail Gorbachev, at 52 the youngest member of the Soviet Politburo, appears to have been underlined by his departure from Moscow yesterday for a seven-day official visit to Canada.

Mr Gorbachev has been a member of the Politburo for nearly four years and was appointed to oversee agricultural policy. Canada is a major supplier of grain to the Soviet Union, and part of Mr Gorbachev's visit will be dedicated to examining how Canadian farmers, in similar climatic conditions, consistently outproduce their Soviet equivalents.

Under Mr Yuri Andropov's leadership, Mr Gorbachev has been given wider political tasks, more opportunity to meet visiting foreign delegations, and was given the honour of making the annual Lenin anniversary speech last month.

His current visit to Canada, where be will meet Mr Pierre Trudeau, the Prime Minister, Mr Allan MacEachen, the External Affairs Minister, and leaders of the two opposition parties, will broaden his so far limited foreign experience.

Proposal for laser-powered Atlantic link

By Richard Lambert in New York

PLANS for the first undersea, laser-powered lightwave telecommunications system to span the Atlantic Ocean were submitted in London yesterday to the multi-nation consortium that will run it.

The system, called TAT-8, is expected to cost between $314m and $452m, and should be ready to transmit a variety of telecommunications services between North America and Europe by July, 1988.

Proposals for the system were submitted by American Telephone and Telegraph of the U.S., Standard Telephones and Cables of the UK, and Submarcom, a French consortium. The group behind the project, formed from a number of European state-owned telephone companies and North American communications companies, is expected to announce its selection of a supplier of suppliers in November.

Lightwave systems work by transmitting conversations, computer data or video communications as pulses of light over glass fibres.

Turkish general's party

BY DAVID TONGE IN LONDON

TURKEY'S generals yesterday moved a step closer to establishing a guided democracy in their country with the formation of a loyalist party beaded by General (retired) Turgut Sunalp.

Gen Sunalp's Nationalist Democracy Party became the first party registered under the provisions of a new political party law in preparation for elections promised on November 6.

His party, which appeals to conservative supporters of the present regime, has the blessing of Gen Kenan Evren, leader of the 1980 coup, according to Gen Sunalp. The military regime has also wished luck to Mr Necdet Calp, a former Left-of-Centre politician who had been serving in the Prime Minister's office after the coup and who has been working to form a party.

The generals' aim appears to be to bave one moderate party on the Centre Right competing with a single moderate Centre-Left party. However, followers of the two main parties that used to operate in those areas – respectively the Justice Party and the Republican People's Party – are both keen to build on their now banned organisations.

That has led to some irate speeches from Gen Evren, now president.

Reagan determined on budget

Continued from Page 1

some tax increases, by the middle of this week.

The main question is whether the new revenue measures will include a restriction of the 10 per cent tax cut which is due to come into effect on July 1 and repeal of the tax indexation provisions which begin in 1985. Presidant Reagan has committed himself to vetoing either of those. He might conceivably prove more flexible on other tax increases, but it is unlikely that any alternatives capable of raising sufficient money to dent the $200bn deficits could be devised.

If Congress does eventually pass a budget, the ultimate fate of any proposal to increase taxes will probably depend on the strength of the economic recovery in the few months.

Brazil's rescue deal threatened

Continued from Page 1

put more money in while banks are taking money out," he said. The official added that if the interbank issue were not soon resolved "we may have to go back to the drawing board."

The Brazilian package includes $4.9bn of IMF loans, $4.4bn of new commercial bank loans, around $8.8bn of trade credit commitments and a $1.45bn bridging loan from the Bank for International Settlements (BIS).

U.S. bankers close to the Brazil talks admit they have gone as far as they can in persuading banks with interbank lines to restore them to the $7.5bn level of last year. The total has fallen to around $5.8bn.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	S	27	81	Malaga	S	21	70	Salzburg	F	27	81
Akrotiri	S	24	75	Faro	C	17	63	Malta	S	26	79	Seoul	S	24	75
Algiers	S	23	73	Florence	C	21	70	Manila	S	37	99	Singapore	R	33	91
Amsterdam	R	12	54	Frankfurt	F	18	64	Miami	C	27	81	Stockholm	C	16	61
Athens	S	27	81	Funchal	C	20	68	Milan	F	21	70	Strasbourg	R	15	59
Bahrain	S	37	99	Geneva	C	18	64	Moscow	C	19	66	Sydney	S	18	64
Bangkok	S	37	99	Gibraltar	C	18	64	Munich	S	26	79	Taipei	C	30	86
Barcelona	S	20	68	Guernsey	S	11	52	Nairobi	F	26	79	Tangier	C	20	68
Beirut	S	25	77	Helsinki	S	18	64	Naples	F	26	79	Tehran	—	—	—
Belgrade	S	30	86	H. Kong	S	27	81	New Delhi	S	38	100	Tel Aviv	S	26	79
Berlin	S	25	77	Innsbruck	C	22	72	New York	C	20	68	Tenerife	F	21	70
Biarritz	S	17	63	Inverness	Fg	11	52	Nice	F	18	64	Tokyo	R	17	63
Blackpool	F	17	63	Istanbul	F	20	68	Oporto	F	13	55	Toronto	F	13	55
Bordeaux	S	13	55	Jersey	F	11	52	Oslo	S	10	50	Tunis	S	24	75
Brussels	R	12	54	Jo'burg	F	17	63	Paris	R	19	66	Valencia	F	22	72
Budapest	S	31	88	Las Palmas	F	20	68	Prague	C	25	77	Venice	C	22	72
B. Aires	R	18	64	Lima	S	27	81	Reykjavik	C	8	46	Vienna	S	28	82
Cairo	S	30	86	Lisbon	F	14	57	Rio de J'o	C	29	84	Warsaw	—	—	—
Cape Town	F	19	66	Locarno	C	18	64	Rome	F	24	75	Zurich	F	15	59
Caracas	C	29	84	London	F	17	63								
Casablanca	F	20	68	Los Angeles	S	25	77								
Copenhagen	R	12	54	Luxembourg	R	12	54								
Corfu	S	28	82	Madrid	R	9	48								
Dublin	S	8	46	Majorca	S	21	70								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

U.S. threatens technology ban

Continued from Page 1

tougher controls on goods leaving the U.S.

Analysis and intelligence reports over the past two years had shown that Soviet military use of Western technology was far more extensive than eveo the Reagan Administration had originally feared, Mr Perle said. Moscow had targeted many Western industries and put together a sophisticated network of about 20,000 personnel, inside and outside the Soviet Union, to acquire technology, be said.

Mr Perle estimated that about 150 Soviet weapons systems had benefited from Western technology, including the SS-20 missiles aimed at Western Europe and intercontinental ballistic nuclear missiles. The result was that the West had to spend billions of extra dollars on its own defence, he said.

Mr Perle for the first time publicly spelled out the proposals that Washingtoo is pressing to upgrade and strengthen the Paris-based CoCom liaisoo committee that screens sensitive Western technology exports to the East. The committee's budget should be increased substantially from the present $500,00 a year to several million dollars and the committee should be moved from the annexe of the U.S. Embassy in Paris to its own premises and be run by its own secretary-general, he said.

At the same time, the committee should be given professional staff and endowed with a military subcommittee that would not take decisions but would allow an "institutionalisation of collective wisdom" oo what was safe to export to the East.

Mr Perle said transfers of printed circuit board technology and the whole field of computer software and micro-electronics, were of particular U.S. concern.

Negotiations to update the CoCom list of items subject to surveillance were going "reasonably well" and the list could be strengthened in the next few months, Mr Perle said.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C. E. P. Smith, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday May 17 1983

Petrofina set to step up spending and seeks to expand

BY PAUL CHEESERIGHT IN BRUSSELS

PETROFINA, the Belgian oil and petrochemicals group, will this year sharply increase its capital expenditure. It is also looking for new acquisitions and fresh expansion.

The group has BFr 80bn ($1.2bn) of long-term credit at its disposal. The sale of its remaining shares in Petrofina Canada to Petro-Canada and a strong cash flow in 1982 have put the group's ratio of equity to long-term debt at 2:1, Mr Adophe Demeure de Lespaul, the chairman, told shareholders in Brussels yesterday.

He said that the group was in a position to mount a major operation if it could find one suitable.

This year, budgeted capital expenditure is BFr 41bn, compared with the BFr 20bn spent in 1982 and BFr 17bn in 1981.

The expansion follows e 15 per cent increase in net consolideted profits to BFr 12.1bn last year over 1981. Earnings per share were BFr 861, amply covering a gross dividend per share of BFr 388.75 (BFr 295 net).

The net paymeot for 1981 was BFr 265. The group has increased its dividend every year for 20 years.

Last year, in line with Belgian government policy to draw in overseas funds, Petrofina repatriated substantial dividends of previous years from foreign subsidiaries that had previously been shown in the consolidated accounts. This led to an artificial inflation of its non-consolidated profits, which rose to BFr 16.7bn from BFr 5.1bn.

The group's investment policy continues on the same track as in previous years. Two thirds of the budget will be devoted to exploration and production, largely in the North Sea and the U.S. The balance will go to refineries and petrochemical plants where there is a chance of rapid returns.

This policy is partly related to compensating for the gradual rundown of production from the Ekofisk field in the North Sea Norwegian sector. Petrofina's share of production there in 1982 was 7.5 per cent down on 1981.

This year, Petrofina expects the Maureen field in the British sector to come on stream, with full production reached in 1984.

"The consortium in which we have a 30 per cent share is trying to evolve an economic method of developing the whole Tiffany-Toni-Thelma structure. The same applies to the Andrew field in which we have a 15 per cent share," Petrofina said in the annual report.

Banca Catalana bid verdict due today

By David White in Madrid

A VERDICT is expected today on rival offers for the Barcelona-based Banca Catalana, which has been in the hands of the semi-state deposit guarantee fund – the "Bank Hospital" – since collapsing under the weight of bad debts last autumn.

After a bid by La Caixa, the powerful Catalonian savings bank, pegged to extra assistance from the state, Spain's private banks clubbed together to make a competitive joint offer.

The second bid involved a total of 16 banks, including the so-called Big Seven, four of their subsidiaries in Catalonia and the five medium-sized Spanish banks. The bid was drawn up in an effort to ensure that Banca Catalana and its problematical industrial banking offshoots did not fall into state hands for lack of a satisfactory private offer.

The state-controlled Banco Exterior, which earlier this year beat Bank of America for control of one of Banca Catalana's subsidiaries, Banco de Alicante, was mentioned as providing a possible solution for Catalana itself.

Meanwhile, the March Group, which as one of the medium-sized banks is participating in the joint bid for Catalana, has agreed to take over the two-thirds stake held by the fund in Banco de Gerona, formerly part of Catalana's banking empire. The purchase was made at par value, the shares being worth a nominal Pta 265m ($1.9m).

PAPER INDUSTRY BRINGS UP REARGUARD IN U.S. CLIMB OUT OF RECESSION

Nekoosa chairman predicts recovery

BY ANDREW BAXTER IN LONDON

"OUR first quarter, while not a disaster, was not a good quarter. The volume wasn't bad, but prices were just terrible."

These are hardly the most encouraging remarks, one might think, for anyone sifting through a welter of conflicting data in search of evidence that the U.S. economy is on the way up.

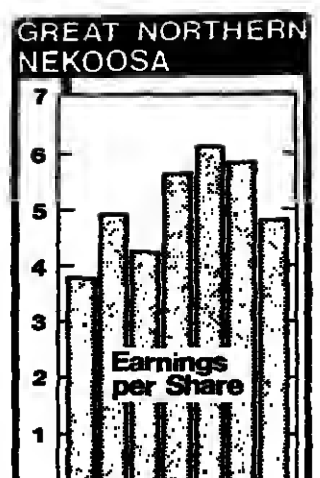
However, while Mr Robert Hellendale, chairman of Great Northern Nekoosa (GNN), has seen first-quarter net profits at the big U.S. pulp and paper producer drop 31 per cent to $15.2m on sales up marginally at $371.7m, he sees signs that better times are ahead.

"It has just been since early 1983 that things have begun to pick up," he said. "We bad a period in which things looked not so good and now things are looking e lot better than they were."

The recession bas cast shadow over pulp and paper companies hroadly similar to that elsewhere, but Mr Hellendale says the timing has been different.

While the lumber and plywood companies have started rising out of the recession on the back of increased construction activity, the paper industry, which fell into the recession later, is lagging behind.

"In 1982 we were on the falling side of the curve," said Mr Hellendale. "If we've reached the trough that suggests we're going to be on the rising side of the curve this year as 1983 progresses. My hope is that 1983 might be the mirror image of 1982."



Mr Hellendale says volume has picked up in paper making and pulp shipments, and inventories are down in North America and Scandinavia.

On prices he thinks the low point was reached three to six months ago, and he now expects them to rise gradually. Other companies in the industry seem to agree – some of the biggest North American newsprint producers have announced price rises in the past two weeks. GNN itself has raised prices on several pulp and paper products, from which second quarter results are expected to benefit.

A gradual, if unspectacular rise in prices for newsprint and other grades will be particularly important to GNN, which in 1982 began building a $550m pulp mill on the Leaf River in Mississippi, with Finnish paper producer Kymi Kymmene as minority partner.

The mill, due for completion in September 1984, will produce southern hleached kraft pulp – raw material for everything from tissue paper to glossy magazines – for the world market.

The mill makes financial sense – investment tax credits and e generous depreciation policy see to that. Furthermore, GNN's debt to total capital ratio was a modest 0.27 at the end of 1982, and Mr Hellendale expects it to be less than 0.4 by September 1984, lower than many of GNN's competitors.

Will the project make commercial sense, and what will the business environment be like when it comes on stream?

Mr Hellendale expects conditions to be favourable. "I never really had any doubts that this would be a good project," he said. "The doubt over the long term would be the question of whether we come on the market when prices are low, falling or rising, and I think it's going to be the latter."

Mr Robert Hellendale: 'It's looking better'

He also sees demand for paper increasing gradually, with developing countries in particular using more paper per capita. This is one area where be thinks the mill could pay dividends, supplying pulp to companies and countries that might find a pulp mill "a very expensive proposition."

Wall Street takes a broadly optimistic view of the prospects for GNN and its competitors. Mr Clarence W. Brown, an analyst at Lehman Brothers Kuhn Loeb, said: "The industry is clearly on the threshold of a major recovery, and GNN is well poised to participate."

● Canadian newsprint producers are confident part of the proposed increase in the U.S. market from $468.50 a metric ton to $500 from July 1 will stick or lead to an end of widespread discounting and to more economic returns in 1984, writes Robert Gibbens in Montreal.

Most Canadian and many U.S. producers followed the lead of Consolidated-Bathurst, of Montreal, and Kimberly-Clark, of the U.S., in announcing the rise, which would restore prices to 1981 levels.

St Regis Paper, of the U.S., said late last week it would delay the price rise until August 16. Other producers so far are staying with July 1.

Canadian industry wages are rising generally at two or three percentage points more than in the U.S. Western Canada contracts are in negotiation, and most observers believe unions will accept a first-year increase of 6 to 7 per cent, with less in the second and third years of a three-year contract.

If this materialises, it would tend to hold down increases in the east when the present two-year contract runs out next April.

Sears Roebuck aims for a broader base

BY PAUL TAYLOR IN NEW YORK

SEARS ROEBUCK, the U.S. retail and fast-expanding multi-product financial services group, said yesterday it is considering buying depository institutions outside California to create "a nationwide deposit base" for its growing number of in-store financial network centres.

Such a move would further extend Sears' push into the U.S. financial services industry, complement its all-state savings and loan association in California, and represent another challenge to U.S. banking regulations.

Mr Edward Telling, chairman and chief executive of the Chicago-based group, told Sears' annual meeting yesterday that such acquisitions were part of new distribution alternatives under consideration.

Mr Telling said these alternatives "can combine the locations of our in-store financial centres with electronic remote selling and delivery systems, direct response and telemarketing programmes."

Mr Telling gave no details of the possible acquisitions, but added: "We have long felt that electronic delivery systems are extremely important to the consumer. Automatic teller machines and in-home banking in their various forms are a top priority for the new Sears."

Eighteen months ago Sears, which already owned the California S and L and a large insurance company, bought Dean Witter Reynolds, a major Wall Street securities firm, and Coldwell Banker, a U.S. property group.

Since then Sears has been expanding its financial services division mainly through the introduction of financial network centres. It is offering broking, insurance, mortgage and banking services in new financial network centres within its department stores. So far Sears has opened 41 of these centres.

Loss mounts for Dresser Industries

By Our New York Correspondent

DRESSER INDUSTRIES, the Dallas-based oil services company, reported another hefty loss for the second quarter of its financial year. A net loss of $10.1m in the latest three months takes losses for the half-year to $17.5m, compared with a net profit of $139.9m in the first half of 1982.

Dresser currently has more than 40,000 employees, a reduction of more than 16,000 during the past 18 months. Its sales in the half-year fell by 26 per cent to $1.7bn. But the company hopes that the worst may be over.

It said yesterday that if business activity continued to pick up, its results should improve during the second half of its financial year.

Penney lifts earnings by 5% in quarter

By Richard Lambert in New York

J.C. PENNEY, the big U.S. retailing group, lifted first quarter earnings by 5 per cent to $58m, and sales from continuing operations were just over 3 per cent higher at $2.1bn.

Mr Donald Seibert, the chairman, told yesterday's annual meeting that profits of the stores and catalogue businesses were slightly below 1982's level. The drug stores and insurance subsidiaries posted higher profits, while the Belgian operations recorded another small loss.

Earlier this year, the group announced plans to spend more than $1bn over a five-year period to revamp 450 of its larger stores.

Australia's oldest trustee group fails

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA's oldest corporate trustee business, the Trustees Executors and Agency (Tea) company, has been placed in the hands of the receiver with debts totalling more than A$150m (US$133m). The Victoria State Government has ordered an inquiry into the collapse of the 105-year-old company.

The purpose of the inquiry, to be carried out by the National Companies and Securities Commission, is to establish if Tea breached any state or Commonwealth laws and will also make recommendations on any changes to laws controlling trustees which may be needed.

Tea is expected to have a maximum exposure to loss of $28m arising from its moves into the financing of property ventures using short-term funds. Trust funds of clients are not believed to be at risk.

The traditional trustee operations of Tea are up for sale and have been held separate from its property activities, where the company had acted as principal.

The collapse of Tea has reinforced the already strong arguments in Australia on the need for controls to limit individual shareholdings in trustee companies.

Sumitomo in $400m CDs

SUMITOMO BANK has arranged a $400m certificate-of-deposit facility in what is claimed to be the largest single fund-raising operation by a Japanese bank.

The five-year facility, arranged jointly by Sumitomo and Citicorp International, has been syndicated to 14 other banks. The CDs will pay a floating interest rate of ¼ point less than the London Interbank offered rate (Libor).

Sea Containers down

BY OUR FINANCIAL STAFF

SEA CONTAINERS Group, the U.S. container and ship leasing concern which also owns the revived Orient Express and eight hotels in Italy, has reported first-quarter net earnings of $7.3m, down 43 per cent from $12.8m in the 1982 period.

The earnings fall is blamed mainly on a $2.2m net loss at SeaCo, which reported profits of $2.5m in the first quarter of 1982.

Mr James B. Sherwood, president, said that all the hotels, with the exception of one at a ski resort, operated at loss in the winter months because of the seasonal nature of the business.

The Orient Express, which came into service in May last year, continued to run at a loss but the company expected it would start making money this summer.

The group's total revenues slipped from $52.8m to $49.2m.

Marietta to buy software unit

By Paul Taylor in New York

MARTIN MARIETTA, the diversified U.S. aerospace, aluminium and construction materials group, said yesterday it plans to acquire a New Jersey computer software company for $30.8m in cash and securities.

Marietta said it had agreed in principle to acquire all the outstanding shares of Mathematica Inc, a Princeton company which develops and markets computer software.

Aluminio Espanol appoints adviser

By Our Financial Staff

ALUMINIO ESPANOL, the Spanish aluminium producer in a state of receivership, has appointed Chase Manhattan, London – based merchant bank subsidiary of the big U.S. banking group, as financial adviser.

The aluminium company is in a state of suspension and is not paying interest or capital to creditors. It said it believed the appointment of Chase Manhattan would accelerate talks to assure the long-term financial strength of the group in a manner acceptable to shareholders and creditors.

INTL. COMPANIES & FINANCE

Downturn at Barlow Rand but dividend maintained

BY BERNARD SIMON IN JOHANNESBURG

AN UNEXPECTEDLY sharp downturn in both domestic and export markets took a heavy toll on Barlow Rand, the South African industrial and mining conglomerate, in the six months to March 31.

Atributable profit fell to R102.1m ($94m) from R110.4m, but the drop would have been greater were it not for the take-over during 1982 of the two food companies, Tiger Oats and Imperial Cold Storage.

Revenues climbed by 57 per cent to R3.9bn and operating profit before interest by 7 per cent to R350.5m. Were it not for the inclusion of Tiger Oats' and ICS's results, turnover would have declined slightly and trading income would have fallen by 18 per cent.

Earnings per share fell by almost a quarter during the half-year to 68 cents, but the interim dividend has been held at 21 cents, and the directors intend maintaining the total for 1982-83 at 70 cents "in the absence of a further major deterioration."

Mr Mike Rosholt, the chairman, said "the downturn in the economy has been even more marked than expected. At the same time export markets have remained depressed and in certain commodities have become even more difficult."

The stainless steel and ferro-alloy division suffered a loss of R8m in the six months as a result of lower domestic demand and fierce competition in the international stainless steel market.

The directors do not expect trading conditions to improve, but the fall in earnings for the full year is not expected to be as severe as during the first half. They say it is too early to assess the damage done by the severe drought in southern Africa.

OUB to buy remainder of IBS

BY KATHRYN DAVIES IN SINGAPORE

INTERNATIONAL BANK of Singapore (IBS), the consortium bank equally owned by Singapore's big four domestic banks, is to become a wholly owned subsidiary of one of them, the Overseas Union Bank (OUB).

OUB is to buy the 37.5m IBS shares, representing 75 per cent of the capital, owned by the Oversea-Chinese Banking Corporation, the United Overseas Bank, and the Development Bank of Singapore, at a cost of S$116.62m (US$55.9m).

IBS was established in 1974 as the overseas arm of Singapore's biggest domestic banks, but since then the banks have decided to establish their own overseas branches, rendering the primary function of IBS redundant.

Also last year the IBS group made a net profit of only S$6.03m, a modest sum by local standards, and has established only a few branches overseas, including those in Jakarta, Seoul and Los Angeles.

The transfer of ownership to OUB, which has been approved by Singapore's monetary authority, will take place formally on May 28.

Further fall in earnings for TNT at nine months

By Lachlan Drummond in Sydney

POOR trading in the third quarter has left net earnings of Thomas Nationwide Transport (TNT), the Australian land, sea, and air transport group, down by A$22.1m at A$29.9m (U.S.$26.4m) for the nine months to March 31.

Earnings for the third quarter dropped from A$10.6m to A$3.8m accelerating the 27 per cent decline registered in the first six months. Major problem areas included its North Atlantic shipping operation, Trans Freight Lines, and its land-based U.S. transport activities.

In Australia drought and pre-election uncertainty aggravated an existing downtrend in freight volumes, according to directors. However, a lower tax charge helped cushion a reduced trading performance by the half-owned Ansett Airline group.

A third interim dividend of 3 cents for an unchanged nine-month total of 9 cents is to be paid and is covered 1.6 times by net earnings.

● A proposal by the directors of the A$1.1bn United Permanent Building Society to merge with the St George Building Society failed yesterday when support fell short of the two thirds majority needed to create what would have become Australia's largest building society, Colin Chapman adds.

United is now considering whether to resume merger talks with the NSW Permanent, to open discussions with the State Building Society, whose campaign to disrupt the St George merger plan was successful, or, as seems more probable, to go it alone.

Marginal rise in profits for Nippon Shinpan

By Yoko Shibata in Tokyo

NIPPON SHINPAN, Japan's largest consumer credit company had only marginal growth in earnings in the year ended March 31 1983, despite a 43 per cent rise in new business.

Operating profits for the year rose by only 0.9 per cent to Y16.3bn ($70.4m). Net profits were 5.7 per cent higher at Y7.5bn on operating revenues of Y115bn, up by 25.6 per cent. Profits per share were Y35.65, against Y36.35.

During the year, new business grew by 43 per cent to total Y1,787bn thanks to a rise in mortgages, of 124 per cent to account for 20 per cent of the total, and in consumer loans, of 48 per cent to account for 10.2 per cent. In its main line of business, shopping credit, representing 70 per cent of turnover, there was an increase of 29 per cent because of efforts to increase credit card business.

However, the rapid expansion of mortgages hit earnings during the year, since profits are spread over many years. Also the company introduced the largest on-line computer system in Japan in the year and the investment reduced earnings considerably. To finance the computer centre, the company issued SwFr 100m ($49m) convertible debentures in January.

In the current year Nippon Shinpan's expects new business to grow by 25 per cent, to Y2,230bn. However, the bigger proportion of long-term contracts such as mortgages and the cost of computerisation may hit earnings and operating profits are forecast as falling by 6.4 per cent to Y15.3bn with net profits at Y7bn, down by 6.8 per cent.

The company hopes to increase its dividend for 1983/1984 by Y0.75 to pay Y8.25 and plans a 15 per cent scrip issue.

Another record result from Public Bank

By Wong Sulong in Kuala Lumpur

PUBLIC BANK, Malaysia's fastest growing bank, has reported another record year, with pre-tax earnings rising by 46 per cent to 53.5m ringgit (US$23.4m) for 1982. After-tax profits rose by 63 per cent to 30.1m ringgit.

Until five years ago, Public Bank was only a small listed bank, and after-tax profits for 1977 was only 2.5m ringgit. However, it has since expanded rapidly. Recently, it announced a bonus and rights issue to bring its paid-up capital to 168m ringgit, making it the third largest Malaysian bank. Its paid-up capital in 1980 was only 20m ringgit.

Shares of the bank have risen sharply on the Kuala Lumpur and Singapore exchanges in anticipation of the good results and scrip issues. It was traded at 4.6 ringgit at the start of the year, and is now close to 11 ringgit.

The final dividend remains unchanged at 10 cents.

UK COMPANY NEWS

United Scientific rises £2m mid-year

THE PREDICTION of further growth this year at United Scientific Holdings has been borne out in first-half figures to the end of March 1983.

These show that pre-tax profits increased from £4.65m to £6.71m, while turnover of this armoured vehicle, optical and electronic equipment manufacturer, rose by £18.3m to £63.73m.

The directors say that first-half results show a satisfactory improvement and they anticipate that figures for the second six months will show an increase over the period now reported.

For the 12 months ended September 30, 1982, taxable profits jumped from £6.78m to £12.51m, on turnover of £106.99m (£46.81m).

Following the effective 33 per cent increase last year in total dividends to 4p net, the 1982-83 interim payment is being raised to 2p (1.5p) per 25p share. Stated earnings per share improved from 5p to 7.2p.

The directors report that the group order book stands at £125m and further significant contracts are expected to be finalised shortly.

The new factory, including the diamond turning facility for high energy laser systems, in Dallas, is due for completion by the early summer.

In addition, construction of the factory in Cairo is expected to enable initial production to commence there at the beginning of 1984, as originally planned.

The half-year tax charge was up from £1.9m to £2.82m

See Lex

Juliana's seeks full listing

By Dominic Lawson

Juliana's, a company which provides discotheque entertainment to top night clubs and international hotels, is coming to the City for a full stock exchange listing.

Originally the company was to have applied to join the Unlisted Securities Market, but last weekend, advised by its bankers Morgan Grenfell and brokers Rowe and Pitman, it changed its mind.

The reason for the last minute decision seems to have been that, as the company was planning an offer for sale with full page advertisements in the press, it would have cost very little extra to apply for a full listing.

Juliana's will be raising money in the offer, although existing shareholders will also be selling shares. Originally about 20 per cent of the company was to have been offered to the public, but now Juliana's will be offering 25 per cent of the equity, the minimum possible for a fully listed stock.

Grand Met climbs sharply to £113.6m in first half

A NEAR £14m increase in profits from its U.S. consumer products business, together with lower interest charges, contributed to a sharp advance in pre-tax figures of Grand Metropolitan for the six months to March 31 1983.

Taxable profits for the period climbed from £74.8m to £113.6m, but Mr Stanley Grinstead, the chairman, cautions that this increase must be regarded as exceptional. Although the group continues to make good progress, he says it would be unrealistic to expect this kind of growth in profits to be maintained in the second half.

With stated half year earnings per 50p share ahead from 10.1p to 12.8p, the net interim dividend is being raised from 3.5p to 3.875p—last year a total of 8.375p was paid on record pre-tax profits of £220.2m.

External sales for the half year under review increased from £1.83bn to £2.09m and trading profits rose by £25.3m to £171.4m. UK profits improved from £63.8m to £69.3m, while the overseas contribution moved ahead to £102.1m (£82.3m). The group's overseas activities are less seasonal than many of their UK counterparts and their recent growth has tended to reduce the imbalance between the two halves of the year, the chairman points out.

A fall in half-year interest costs from £71.3m to £57.8m was attributable to the impact on borrowings of the rights issue a year ago and also to generally lower interest rates, partly offset by the higher sterling cost of interest payable in foreign currency.

A breakdown of the group's trading profits shows: UK—brewing £26.9m (£26.3m), consumer services £28.4m (£22m), foods £15.5m (same), oil and gas £1.5m loss (—); U.S.—consumer products £43.7m (£29.9m); international—hotels £6.4m (£7.4m) and wines and spirits £52m (£45m).

Mr Stanley Grinstead, the chairman and chief executive of Grand Metropolitan, who cautioned that the £38.8m jump in group profits must be regarded as exceptional

Mr Grinstead comments that against a background of difficult economic and industry conditions, many of the group's trading operations in the UK did well to maintain profitability at the levels established last year. The improvement reported for consumer services was attributable in part he says, to a return to more normal levels of profitability after the adverse effects of last year's hard winter.

In the U.S., the consumer products activity benefited from special factors affecting performance in certain areas of its business and achieved a very satisfactory increase in trading profits, Mr Grinstead states. This was accentuated on translation by the fall of some 15 per cent in the average value of sterling against the U.S. dollar, compared with the first half of last year.

Profits of the wines and spirits activity also benefited from the movement in sterling against the U.S. dollar and other currencies.

The first-half tax charge increased from £19.4m to £34.1m and included overseas tax of £21.2m (£16.8m). After minorities of £2.2m (£2.3m) and preference dividends of £0.2m (same), the attributable surplus was up from £52.9m to £77.1m.

It is estimated that the net effect of extraordinary items for the half year to March 31, including currency translation gains calculated at the rates then prevailing of £29.3m (£5.9m losses), will be a credit of £33.8m (£5.6m debit).

See Lex

Progress by Matthew Brown

IMPROVED pre-tax profits of £2.51m against £2.33m have been produced by Matthew Brown for the 26 weeks to April 2 1983. Turnover of this Blackburn-based brewer moved ahead from £15.99m to £17.72m.

The net interim dividend has been lifted from 1.35p to 1.6p, which the directors emphasise is to improve the balance with the final. Last year a total of 6.9p was paid from pre-tax profits of £5.84m.

Earnings per 25p share were shown as rising from 7.37p to 7.54p.

Trade remained unexciting during the six months under review, say the directors.

Beer and lager sales volumes were marginally ahead of last year, but this reflected the extension of the company's trading areas and the increasing number of houses which have been refurbished.

Lion Bitter, the main product, is doing well they say, and Slalom lager remains a star performer.

The company approaches the summer months with inflation much reduced, but there is no evidence that an improvement in trade will come easily. There is, however, evidence that quality beers can win new customers.

After depreciation of £652,000 (£558,000) trading profits rose from £2.11m to £2.36m. There was a reduced profit from property disposals of £24,000 (£82,000). Interest receivable came to £121,000 (£140,000).

Tax took £960,000 (£931,000), leaving net profits up from £1.4m to £1.55m.

● comment

Most of Matthew Brown's 12 per cent advance in trading profits came from an increase in the number of pubs from 500 to 530. Trading conditions in the depressed north remain dull, so the company is expanding eastwards of its traditional catchment area and continuing its drive to refurbish existing houses. Slalom lager is still Brown's most sparkling performer, accounting for nearly 25 per cent of draught output, but the company does not want to see this figure rise further without a corresponding improvement in other sales. However, it is making a first experimental entry into lager export markets, selling a stronger version of Slalom in northern Italy, where English style pubs are becoming popular. Assuming that the traditional second half upturn materialises, £6.5m pre-tax looks possible in the current year. That puts the shares, down 2p to 260p, on a fully taxed prospective p/e of nearly 17.

Unilever falls 9% in first quarter

THE VALUE of combined external sales of Unilever rose by 2 per cent from £3.22bn to £3.28bn in the first quarter of 1983 but, with turnover volume falling by a similar percentage, pre-tax profits declined by 9 per cent from £179m to £163m.

The directors state that in Europe results in total were down on last year. In the consumer groups, food and drinks and detergents did better than in 1982 but the results of edible fats, frozen products and personal products were lower.

The industrial businesses continue to suffer from the low level of business activity and figures showed a downturn during the period, they add.

Total results of the company's operations in North America produced an excellent improvement in comparison with 1982, with National Starch performing very well in the quarter, and Lever Brothers showing an operating profit after a period of losses.

Import restrictions in Nigeria significantly reduced economic activity at Francophone Africa and caused a severe drop in UACI's sales volume both in exports and local sales. UACI's results were, in consequence, substantially worse than last year.

Elsewhere outside Europe and North America, total results were higher than last year. Despite reduced consumer purchasing power in some countries, notably Brazil and Indonesia, sales volume increased by 4 per cent.

Net liquid funds were considerably above those at the close of the first quarter of 1982, but lower interest rates caused a substantial fall in other interests.

Operating profits of the group for the three months slipped by 5 per cent from £173m to £165m. Associates added £11m (£13m), there was no income from trade investments compared with £1m last time and interest took £13m (£8m).

Tax absorbed £78m (£84m), with earnings per 25p share declining 15 per cent from 24.5p to 20.73p. After minorities, preference dividends and adjustment for exchange rates, the balance attributable to ordinary holders emerged £77m (£91m). This was split as to £39m (£50m) Unilever PLC and £38m (£41m) Unilever NV.

See Lex

Geers Gross advances to £1.82m and pays more

FOLLOWING A rise in turnover from £52.27m to £75.81m, taxable profits of advertising agent and consultant Geers Gross advanced by £798,000 to £1.82m in 1982.

And with stated earnings per 10p share increasing from 8.1p to 8.5p basic and from 7.6p to 7.9p fully diluted, the year's dividend is being raised from an adjusted 3.2p (for one-for-four scrip) to 4p by a final of 2p (1.6p adjusted).

The directors say that in 1983 the group is well set to take full advantage of the upward economic trends now apparent on both sides of the Atlantic.

In the year under review they say the results were a considerable achievement both in London and New York and clearly demonstrated the group's strength and capability in a year of recession in the UK and the U.S. Geers Gross New York is now firmly among the top 30 agencies in the U.S., they add.

Tax took £1m (£394,000) and there were extraordinary debits of £443,000 (£7,000). Current cost adjustments reduced the pre-tax profits to £1.74m (£854,000).

At the half way stage the group was already ahead with taxable profits of £615,485 (£342,615) earned on turnover of £35.31m (£22.26m).

● comment

Geers Gross' figures are both in line with those forecast three months ago at the time of the rights issue but the confirmation of a 78 per cent increase in pre-tax profits was enough to send the shares up 6p to 184p after hours. The resultant PE of about 26 may seem demanding, but it would be difficult to find a cheaper way into the sector. Now that all the main parties have an agency for the election, one of the firms involved will be able to claim that it helped win the election, thus lending the sector another five years' mystique. The extraordinary debit of £443,000 refers to reorganisation of Geers' U.S. businesses, which contributed about half of total profits, adding back the $1m bad debt provision. Now that gearing is negligible, it would not be surprising if Geers was to go shopping in the U.S. again. In the UK the company seems content to generate increasing business from its short list of blue chip clients. But the fact that another two agencies have joined the stock market this year increases the possibility of a paper war in what has always been a carnivorous industry.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
James Beattie	2.65	—	2.38*	2.65	2.38*
Bellway ....int.	3†	July 7	3	—	7
Brit. Ind. Tst. ....int.	1.5	June 14	1.5	—	5
Matthew Brown ......int.	1.6‖	Aug. 5	1.35	—	6.9
Ex-Lands	0.6	—	0.6	0.6	0.6
Extel Group	7.5	—	6.5	10	9
John Foster	1	—	nil	1.5	0.5
Fundinvest ....int.	1.98	May 31	1.88	—	4.56
Geers Gross	2	July 2	1.6*	4	3.2*
Grand Metropolitan int.	3.88	Oct. 3	3.5	—	8.38
N. Atlantic Secs. ...int.	1	—	1	—	3.1§
Radio City ....int.	1.8‡	—	—	—	3.8
Richardsons Westgarth	0.1¶	July 1	0.75	0.1¶	1.5
Herman Smith ......int.	0.2	May 31	0.2	—	0.5
United Scientific ...int.	2	Oct. 3	1.5	—	4
Thos. Warrington	4.41	July 20	3.85	6.16	5.6
Weeks Assocs.	0.7	July 29	0.7	0.7	0.7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Includes special payment of 0.35p. ¶ To maintain trustee status. ‖ Increase to improve balance with final.

Exports decline depresses Weeks

A DECLINE in pre-tax profits from £242,087 to £151,532 has been shown by Weeks Associates for the year to January 30 1983 as expected at the midway stage. Turnover slipped from £10.56m to £8.97m, with export orders plunging 51 per cent.

The final net dividend—which is the only payment for the year by this agricultural machinery and rubber products group—has been held at the level of last year's payment of 0.7p.

Earnings per share were shown halved from 2.4p to 1.2p. The drop in attributable profits from £297,197 to £78,833 included extraordinary debits of £44,268 against credits of £5,871—this year there was a £35,079 payment to a former director.

Mr Wilfred Airey, chairman, says that the group is still dependent on exports until a UK manufacturing upturn gets under way. But he is more optimistic on exports for the current year, and reports that since the year-end the group has already won several orders worth more than £1m. Although it is too early to forecast results for the current year, Mr Airey is confident that the group should benefit from the expected increased level of exports.

The agricultural trailer business will benefit from increased UK market share and the exports outlook is promising. Other agricultural equipment should have another successful year.

Contract engineering will be helped by new products and the group's rubber products company has new branches at Humberside and Deeside. Plans for further depots are well advanced.

Pre-tax profits were struck after interest payable down from £322,824 to £286,055.

DUBILIER

Dubilier's rights issue of 6.49m ordinary shares has been taken up to the extent of 6.23m shares (96.08 per cent).

GRAND METROPOLITAN

INTERIM REPORT 1983

The group's trading profit for the first half of the current year was £171.4 million compared with £146.1 million for the corresponding period of last year.

Against a background of difficult economic and industry conditions, many of the group's trading operations in the United Kingdom did well to maintain profitability at the levels established last year, and the improvement reported for Consumer Services was attributable in part to a return to more normal levels of profitability after the adverse effects of last year's hard winter. In the United States, the Consumer Products activity benefited from special factors affecting performance in certain areas of its business and achieved a very satisfactory increase in trading profit, accentuated on translation by the fall of some 15% in the average value of sterling against the US dollar compared with the first half of last year. The trading profit of the Wines and Spirits activity also benefited from the movement in sterling against the US dollar and other currencies.

The fall in interest costs was attributable to the impact on borrowings of the rights issue of a year ago and also to the generally lower level of interest rates, offset to some degree by the higher sterling cost of interest payable in foreign currency.

The group's overseas activities are less seasonal than many of their United Kingdom counterparts and their recent growth has tended to reduce the imbalance between the two halves of the year. The increase in pre-tax profit from £74.8 million to £113.6 million for the first half must be regarded as exceptional and, although the group continues to make good progress, it would be unrealistic to expect this kind of growth in profits to be maintained in the second half.

The Board has decided to pay an interim dividend for the year ending 30th September, 1983 of 3.875p per share (1982–3.5p) on 3rd October, 1983 to shareholders on the register on 26th August, 1983. The cost of the interim dividend will amount to £23.2 million (1982–£21.0 million).

S G Grinstead Chairman — 16th May 1983

	Half year to 31st March (unaudited)		Year to 30th September
	1983 £m	1982 £m	1982 £m
External sales			
United Kingdom			
Brewing	291.7	278.7	588.7
Consumer Services	496.9	464.7	1,013.2
Foods	330.0	287.0	626.3
United States			
Consumer Products	377.7	264.7	595.5
International			
Hotels	134.1	121.9	256.3
Wines and Spirits	462.0	410.0	768.5
	2,092.4	1,827.0	3,848.5
Trading profit			
United Kingdom			
Brewing	26.9	26.3	68.5
Consumer Services	28.4	22.0	67.1
Foods	15.5	15.5	35.0
Oil and Gas	(1.5)	–	(1.5)
United States			
Consumer Products	43.7	29.9	64.7
International			
Hotels	6.4	7.4	22.9
Wines and Spirits	52.0	45.0	98.1
	171.4	146.1	354.8
Interest	(57.8)	(71.3)	(134.6)
Profit before taxation	113.6	74.8	220.2
Taxation	(34.1)	(19.4)	(62.3)
Profit after taxation	79.5	55.4	157.9
Minority shareholders' interests	(2.2)	(2.3)	(6.0)
Parent company preference dividends	(0.2)	(0.2)	(0.5)
Profit attributable to ordinary shareholders before extraordinary items	77.1	52.9	151.4
Earnings per share based on attributable profit shown above	12.8p	10.1p	27.3p

NOTES

1 Profits and losses of overseas subsidiaries are translated into sterling at weighted average rates of exchange.

2 The charge for taxation is estimated on the basis that the rate of UK corporation tax will be 52% (1982–52%) and includes overseas taxation of £21.2 million (1982–£16.8 million).

3 It is estimated that the net effect of extraordinary items for the half year to 31st March, 1983, including currency translation gains calculated at the rates then prevailing of £29.3 million (1982–losses of £5.9 million), will be a credit of £33.8 million (1982–a charge of £5.6 million).

4 The figures for the year to 30th September, 1982 have been extracted from accounts which have been filed with the Registrar of Companies and contain an unqualified audit report.

Grand Metropolitan PLC, 10/11 Hanover Square London W1A 1DP

BIDS AND DEALS

Friends' Provident offer values Regional at £46m

BY DAVID DODWELL

Friends' Provident Life Office has made an agreed bid for Regional Properties which values tha company at £45.6m.

Friends' Provident already owns 28.1 per cent of Regional's issued capital—and over 50 per cent if an £8m convertible loan stock is taken into account. It has offered 241p for the 71.9 per cent of the ordinary shares it does not already own. Regional's shares were suspended before the announcement at 192p, and trading was not resumed.

A capital reorganisation will be proposed Friends' Provident said, but this will not affect the value of the offer. Shareholders will be entitled to e second interim dividend of 2.1p.

The directors of Regional, who account for 11.7 per cent of the company's shares, intend to accept the offer.

Friends' Provident first acquired a 20.8 per cent stake in Regional in February 1978. At the same time it extended an £8m loan to the cash strapped company in exchange for an £8m isue of 8¼ per cent convertible mortgage debenture stock 1987/1990. The loan allowed Regional to pay off a loan of £7.5m to Citibank which became due in March that year.

Mr Neville Conrad, Regional's chairman, said yesterday that it was less a matter of if Friends' Provident would bid than when. The recent letting of two substantial properties in Victoria and Vauxhall played an important part in the timing of the bid.

Mr Michael Hardy, general manager for investments at Friends' Provident, said yesterday that the possibility of a full bid had been there ever since 1978: "Wa had reached a point where we either had to sell our investment, or make a full bid. Something had to give."

Heron buys into video market

Heron Corporation has acquired 77 per cent of the equity of Lutebest Communications, e private company based in North London and trading as Videoform.

The company's business includes the purchase of video rights to television and cinema films, as well as the renting of pre-recorded, video film cassettes to some 1,200 retail outiets in the UK.

Videoform has approximately 100,000 cassettes on rental but this number is expected to rise to 140,000 by the end of August, its financial year end, when pretax profits are predicted to bo not less than £3m.

The vendors, Mr Paul Levineon, Mr Paul Feldman and Mr Warren Goldberg will retain the balance of tha share capital (23 per cent) and will continue to manage the business.

EDENSPRING/ PENNINE CMMCL.

Acceptances of Edenspring Investments' ordinary offer for Pennine Commercial have now been received in respect of a total of 278,871,708 ordinary (90.165 per cent). The offer remains open for acceptance until May 24 1983. Edenspring will acquire compulsorily the outstanding ordinary shares.

Accetpances have also bsan receiv±d in respect of a total of 283,676,823 deferred shares (75.726 per cent). The deferred offer remains open for acceptance until May 24.

BULLOUGH

Electra Investment Trust has sold 1m ordinary shares in Bullough through e privete placing. This has reduced Electra's holding from 12 per cent to 6.3 per cent of the issued share capital.

BIGIT DEFENCE

British Industries and General Investment Trust (BIGIT) will offer members the right to vote on its liquidation before the end of 1986 if London and Manchester Group's unitisation plans are rejected. The promise comes in a defence document published yesterday as part of a notice of an extraordinary meeting called for June 10 to vote on unitisation.

The directors say enforced liquidation et this time would be at reduced values on many unlisted investments acquired for long term growth. Thsy add that unitisation is expensive and would reduce attributable assets.

UTD. NEWSPAPERS/ BENN BROTHERS

Including acceptances and undertakings to accept its offer United Newspapers now holds 1,030,063 Benn Brothers shares, some 15.4 per cent of the ordinary capital.

PLESSEY SALE

The Canadian affiliate of Tie Communications Inc of tha U.S. has agreed to buy Plessey Canada, a subsidiary of the UK company.

MORGAN CREDIT

Morgan Credit's offer for Atlanta, Baltimore and Chicago Regional Investment Trust is unconditional in all respects.

Valid acceptances have been received in respect of 619,300 ordinary shares (20.64 per cent). In addition, Morgan purchased 890,000 ordinary (29.66 per cent) for 138$\frac{1}{16}$p per share.

Offer will not remain open for acceptance beyond May 31, 1983.

Fitch approves Linfood's Key Market offer

A higher offer by Linfood Holdings worth £40.8m for Key Markets appeared to have won the approval of the board of Fitch Lovell last night as Safeway Food Stores passed a deadline for any increase over the £37.8m bid for Fitch's 106 supermarkets chain.

AIDCOM INTL. PAYS £140,000 FOR WMM

Aidcom International has acquired for £140,000 cash, to be funded from its existing resources, a 65 per cent interest in World Medical Markets (WMM).

WMM owns Export Market Intelligence and Offshore Maintenance, Inspection and Repair, and together they gather, publish and sell by annual subscription information worldwide about the medical, mining, agricultural, irrigation, fishing and offshore repair and maintenance industries.

The group commenced trading in 1981. Up until the year ending March 31 1983, unaudited management accounts show a cumulative income of approximately £105,000 and a cumulative start-up and operating loss of around £75,000. However, management accounts since then indicate that gross income is now running at an annual rate of £235,000 and pre-tax profits at an annual rate of approximately £60,000.

The vendor Mrs Sheila Stockdale has antered into an exclusive service agreement with WMM until October 31 1988, whereupon the "put-call" option arrangement in respect of her remaining interest (35 per cent) may be exercised.

PRINCE OF WALES HOTELS DISPOSAL

Prince of Wales Hotels is to dispose of the Royal Clifton Hotel, Southport, for £810,000, giving a profit of £127,000 against book cost.

Of the sale price, £760,000 will be payable in cash on completion and £50,000 two years later, which is secured by a second charge on the Royal Clifton. Completion will take place on May 25.

Caparo planning restructure

BY DAVID DODWELL

THE ENGINEERING. industrial services and metals group, Caparo Industries, is to inject properties valued at £3.6m into the recently acquired forklift truck business, E. Austin and Son.

In return, Austin plans to sell to Caparo its forklift truck business for £1.2m. This will then be combined with Caparo Industries other forklift interests, operated by subsidiaries Motive Electric Services and Harlock Forktruck Services.

Mr Swray Paul, Caparo's chairman, said Austin also intended to dispose of its oil distribution business. Negotiations with a third party are now taking place.

Following the group reorganisation, Mr Paul said be would examine the possibility of demerging Austin from Caparo and developing it exclusively as e property company.

Industrial properties account for £10m of Caparo's £14m of net assets—far too much for an industrial trading company, the chairman said yesterday. When Caparo acquired its 75 per cent stake in Austin in March this year, it was widely mooted that it may be used to float off the industrial group'a property interests. This is understood to have underscored the £2.5m price tag paid for the loss-making group. Austin has existing properties valued at £2.17m.

Mr Paul has been concerned for some time about the drag Caparo'e property interests had on the group's apparent performance. While it is difficult to generate more than a 10-12 per cent return on properties, Mr Paul said he aimed for an overall 20 per cent return on capital employed in his industrial and trading interests.

He thus split Caparo's properties into three categories—investment properties to be retained; properties to be sold; and properties that are an integral part of the industrial group's activities. It is the investment properties that are being injected into Austin.

"Wo are now well positioned as a medium-sized group with particular strength in the Midlands region," Mr Paul said in a statement in the group's annual report, published yesterday. "We would like to expand these activities into the South when suitable opportunities arise."

At the same time, Caparo Industries published its formal offer document for Barton Group, a Birmingham-based tubing, industrial services and engineering group.

The agreed offer for Barton is worth £9.3m, with the cash consideration payable amounting to £3.64m. Approval of the Barton deal will be put to Caparo shareholders at an extraordinary shareholders' meeting on June 8. At the same meeting, Austin shareholders will be to approve the Austin reorganisation.

If both deals go through as planned, then Caparo'e fixed assets, based on figures to the end of 1982, would amount to £19.7m, compared with £12.8m et present. Group borrowings would rise from less than £14m to more than £24m. Mr Paul said that borrowings should be trimmed by about £5m over the current financial year.

Caparo Industries has been highly active as an investor on the stock market in recent months. Apart from recent purchases, it now holds e 20 per cent stake in Richardsons Westgarth, and a 12 per cent stake in Brockhouse. Its stake in a third company, Arthur Lee, has recently fallen below 5 per cent.

LONDON & LIVERPOOL

The directors of London and Liverpool Trust say the litigation commenced by the company against Mr R. Shuck, Mr. T. W. B. Homer, Fonadek International and Homo Video Communications has, by mutual consent, been discontinued. As already announced Associated Tooling has agreed to acquire Fonadek International.

MINING NEWS

Amcoal profits growth slows

BY KENNETH MARSTON, MINING EDITOR

EARNINGS of the Anglo American group's big South African coal producer, Anglo American Coal Corporation ("Amcoal") moved further ahead in the year to March 31. However, the growth rate was well below that of the previous 15 months, as the chairman anticipated in June.

They come out at R113.4m (£66.7m) compared with R131.3m for the previous 15-month financial period. The latter was equal to R105m on an annualised basis and followed earnings of R79.1m for tho 12 months to December 31 1980. The different financial periods arise from the changing of the company's financial year-end to March 31 from December 31.

Amcoal is declaring a final dividend for the past year of 95 cents (55.8p) which with the interim makes a total of 145 cents. In the previous 15 months two interims plus a finl made e total of 166 cents which is aquivalent to 132.8 cents on an annual basis.

The major part of Amcoal's output is sold on the domestic market, but exports provide an important revenue. The export production was fully sold in 1982-83 but it remains to be seen how sales are holding up in a generally weak market in the current year.

	Year ended 31.3.83	15 months ended 31.3.82
Turnover	698,866	802,664
Profit before amort., deprec. and tax	228,451	288,006
Amort. of min. assets	14,029	14,815
Deprec. of refractory assets	4,979	4,672
Profit before tax	210,443	268,519
Tax (South African normal)	29,100	83,261
Deferred	62,191	44,349
Profit after tax	119,152	140,909
Outside holders	5,708	9,628
Attributable	113,444	131,281

No doubt Mr Graham Boustred, the chairman, will give his usual guidance in the annual report which is due to be sent out on June 20. In the meantime the shares at £17½ to yield 5 per cent look to be about fully priced, although the long-term prospects of Amcoal remain impressive.

Agnico-Eagle expands search for silver

CANADA'S gold and silver producing Agnico-Eagle Mines has moved to extend its interests in silver through an exploration agreement with Silver Century Explorations in the Cobalt area of Ontario.

The agreement, which is in two stages, has still to be approved by Silver Century shareholders and the relevant regulatory authorities.

The first stage involves a firm commitment to spend not less than C$800,000 (£416,000) on exploration and development of the properties. The second stage, which is optional, involves the expenditure of e further C$700,000, after which timo Agnico-Eagle will be entitled to a 50 per cent interest in the properties.

The senior company has also agreed to contribute several adjacent properties to the venture, which will facilitate access for exploration.

The properties held by Silver Century consist of the King Edward, Nova Scotia and Petersen Lake Mines in Coleman Township. These three former producing mines recovered some 9.4m ounces of silver during earlier operations.

Agnico-Eagle bas also agreed to participate in a private placement of 200,000 treasury shares of Silver Century.

Lac lifts dividend rate

CANADA'S SECOND biggest gold producer, Lac Minerals, plans to raise its half-yearly dividend rate to 15 cents (7.8p) with effect from June 3.

In addition, the group has announced an increase in targeted gold production for 1983 from 225,000 oz to 240,000 oz. This compares with last year's output of just over 200,000 oz, reports John Soganich in Toronto.

Lac has entered into an eight-month contract with Noranda Mines for the treatment of ore from its 50 per cent-owned Doyon Mine at Cadillac, north-western Quebec, in order to be able to meet this higher targot.

* * *

Bankers to Cyprus Anvil Mining, a wholly-owned subsidiary of Dome Petroleum of Canada, have decided to defer repayment of the principal on a loan of C$130m (£68m) to the company. This will allow Cyprus Anvil to go ahead with e plan to re-open its Faro lead-zinc mine in the Yukon.

Last month, the Federal Government reached agreement with the company on the joint funding of a C$50m plan for the re-opening, but government participation was contingent on Cyprus Anvil resolving its difficulties with its bankers.

* * *

Canada's gold-producing Giant Yellowknife Mines made net profits of C$1.2m (£625,000) or 29 cents a share during the first quarter of 1983. This compares with e net loss last time of C$248,000 or 10 cents a share.

Sales revenue was C$9.5m, up from C$8m.

RESULTS AND ACCOUNTS IN BRIEF

JOHN C. SMALL AND TIDMAS (knitted fabric maker)—For 1982: dividend nil (0.5p); sales £4.7m (£6.65m); pre-tax losses £97,000 (£11,000); bank interest £81,000 (£73,000); profits on sale of freehold properties of £146,000 (nil); tax nil (£3,000); stated losses per 25p share 8.12p (1.1p).

RADIO CITY (SOUND OF MERSEYSIDE) (independent local radio station)—Results for six months to March 31 1983: turnover £1.69m (£1.56m), pre-tax profits £285,000 (£249,000), tax £139,000 (£123,000), extraordinary debits £22,000 (£5,000 credits), earnings per 25p share 5.62p (4.85p). First interim dividend 1.8p per ordinary and "A" ordinary share. No provision has been made for Exchequer levy, liability for which does not arise until profits, excluding investment and certain income, reach £250,000.

EX-LANDS (investment company)—Dividend 0.6p (same) net for 1982. Pre-tax profit £46,244 (£80,942), tax £8,883 (£16,063). Extraordinary debit £276,114 (£11,587). Stated earnings per 10p share 0.83p (1.45p) pre-extraordinary item. Net UK assets per share 15p (14.5p). Reduction in profit principally due to lower realised surpluses on sales of investments. Extraordinary item is provision against group's investment in Ex-Lands Nigeria.

HERMAN SMITH (manufacturing and electrical engineer)—Interim dividend 0.2p (same) net for 28 weeks to January 15, 1983. Total for last full year 0.5p from profits of £307,826. Loss midterm for current year £85,574 (£103,572 profit), after £127,182 exceptional costs relating to Herman Smith Hitco joint venture. External sales £4.32m (£4.47m) and inter-company sales £216,858 (£131,820) making total turnover £4.54m (£4.61m). Trading profit £128,471 (£212,235). Redundancy costs £86,883 (£108,683). Tax credit £83,204 (£53,857 charge). Share of initial cost in associate Herman Smith Hitco £55,973 (nil). Available loss £68,343 (£49,715 profit). Preference dividends £4,725 (same). Ordinary interim £13,986 (same). Chairman says low level of demand experienced in first half has continued and full year results will not match last year's. However, he reports recent substantial contracts for new work which will improve prospects next year. Although group's bankers continue to give full support, short-term borrowings are to be restructured.

ANGLO SCOTTISH INVESTMENT TRUST—Gross revenue £933,000 (£773,000) for the six months ended March 31 1983. Revenue available £369,000 (£333,000) after tax of £217,000 (£183,000). Net asset value per 25p share 123.3p (93.9p). Available profits for full year expected to show more modest increase, compared with first half, due to continuing policy of increasing investment overseas. Interim dividend 0.9p (same) already announced.

BRITISH INDUSTRIES AND GENERAL INVESTMENT TRUST—Interim net dividend of 1.5p (same) for the six months to end of March 1983. Net revenue after tax £92,200 (£101,800). Tax £54,300 (£64,200). Available revenue £86,950 (£96,550). Net asset value per 25p deferred share 220.825p (189.25p).

APPOINTMENTS

Chairman for Thomas Tilling

Sir Arthur Norman, has succeeded as chairman of THOMAS TILLING Sir Robert Taylor, who has retired. Sir Arthur joined the board of Thomas Tilling in 1979 and became deputy chairman in December 1982. He is chairman of the De La Rue Company and e director of Sun Life Assurance Society, Whitbread and Co. and SKF (UK).

*

LEGAL AND GENERAL has made the following appointments: Mr D. N. Kenning, et present manager (GI-UK operations), has been appointed manager (personnel) from July 1. Mr C. J. Hairs, et present actuary, Legal and General Life of Australia will become actuary life and manager (life planning) from September 1. Mr C. M. Spencer, at present group chief accountant, will be retiring on December 8. From September 1 he will relinquish his current life management responsibilities and undertake special accounts projects for general manager (finance) and general manager (international). His title will remain group chief accountant. Mr N. J. Brittain, et present manager (finance), has been appointed assistant general manager (finance) from September 1 and will assume responsibility for all other accounts matters.

*

Mr John S. Raitt has become managing director of TRICENTROL OIL CORPORATION. He is responsible for all exploration

Mr John S. Raitt, managing director of Tricentrol Oil

and production operations in the world, excluding North America. Mr Raitt has 15 years' experience with Conoco in South East Asia, U.S., the Middle East and the UK.

*

Mr David A. Jamieson, VC, has been appointed a director of NATIONAL WESTMINSTER BANK and chairman of its eastern regional board, of which he has been a member since 1969. At eastern region he succeeds Lord Boardman, who has become National Westminster's chairman on Mr Robin Leigh-Pemberton's retirement in advance of assuming his duties as Governor of the Bank of England on July 1. Mr Jamieson is chairman of River and Mercantile Trust and deputy chairman of Steetley and of the London board of the Australian Mutual Provident Society. He was awarded the VC in Normandy in 1944.

*

Mr John Dodwell has been appointed managing director of CHANCERY LEASING, a new new joint venture company with London based Chancery Securities. Mr Dodwell was formerly managing director of Hedgeglow Leasing. Other directors of Chancery Leasing are Mr Harvey Cohen, Mr Geoffrey Berger and Mr Brian Rubins.

*

Mr Robert (Bob) Munro has been appointed managing director of THIRTY-NINE LEASING COMPANY, e wholly-owned subsidiary of the Union Discount Company, and a manager of the Union Discount Company. Mr Munro has recently returned from the Netherlands where he spent two years on secondment from Nordic Bank, London, as managing director of an international group of leasing companies operating in nine European countries.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Al Baraka International	10 %	Heritable & Gen. Trust	10 %
Allied Irish Bank	10 %	■ Hill Samuel	§10 %
Amro Bank	10 %	C. Hoare & Co.	†10 %
Henry Ansbacher	10 %	Hongkong & Shanghai	10 %
Arbuthnot Latham	10 %	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	10 %	Knowsley & Co. Ltd.	10½%
Associates Cap. Corp.	10 %	Lloyds Bank	10 %
Banco de Bilbao	10 %	Mallinhall Limited	10 %
Bank Hapoalim BM	10 %	Edward Manson & Co.	11½%
BCCI	10 %	Midland Bank	10 %
Bank of Ireland	10 %	■ Morgan Grenfell	10 %
Bank Leumi (UK) plc	10 %	National Bk. of Kuwait	10 %
Bank of Cyprus	10 %	National Girobank	10 %
Bank of Scotland	10 %	National Westminster	10 %
Banque Belge Ltd.	10 %	Norwich Gen. Tst.	10 %
Banque du Rhone	11 %	P. S. Refson & Co.	10 %
Barclays Bank	10 %	Roxburghe Guarantee	10½%
Beneficial Trust Ltd.	11 %	Royal Trust Co. Canada	10 %
Bremar Holdings Ltd.	11 %	Slavenburg's Bank	10 %
Brit. Bank of Mid. East	10 %	Standard Chartered	‖10 %
■ Brown Shipley	10 %	Trade Dev. Bank	10 %
Canada Perm't Trust	11 %	Trustee Savings Bank	10 %
Castle Court Trust Ltd.	10½%	TCB	10 %
Cayzer Ltd.	10 %	United Bank of Kuwait	10 %
Cedar Holdings	10 %	Volkskas Intl. Ltd.	10 %
■ Charterhouse Japhet	10 %	Westpac Banking Corp.	10 %
Choulartons	11 %	Whiteaway Laidlaw	10½%
Citibank Savings	¶10 %	Williams & Glyn's	10 %
Clydesdale Bank	10 %	Wintrust Secs. Ltd.	10 %
C. E. Coates	10½%	Yorkshire Bank	10 %
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk.	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10½%		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
Robert Fraser	10½%		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%. 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £7,000 7¼%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

UK COMPANY NEWS

Richardsons Westgarth loss at £2.6m but recovery forecast

A POOR performance by its engineering services division plunged Richardsons Westgarth deep into the red for 1982, and the dividend is being cut from 1.5p to a nominal 0.1p net, in order to maintain trustee status.

For the 12 months, pre-tax losses jumped from £933,000 to £2.59m, with the engineering services deficit increasing sharply from £35,000 to £2m, stockholding and merchanting profits improving from £99,000 to £412,000 and engineering products losses rising from £897,000 to £997,000.

The group result represents a marked deterioration in the second half, for at mid-term losses had been reduced from £994,000 to £834,000. However, Mr Tony Hepper, chairman, reports thet the company is on target to meet budgets, following the first quarter of 1983, and he will be disappointed if a return to profit is not achieved during the current year.

Turnover for 1982 rose from £47.64m to £58.24m and losses were struck after depreciation of £690,000 (£657,000) and interest of £379,000 (£246,000), but before a tax credit of £45,000 (£1.48m).

The loss per 50p share is stated at 19.5p (4.2p earnings). There were minority credits of £56,000 (£56,000 debits) and an extraordinary charge of £757,000 (nil), representing provisions for losses in respect of the disposal of two subsidiaries since the year end.

● comment

Following major management changes last autumn, Richardsons Westgarth has disposed of two subsidiaries, whose combined losses accounted for half of the total. There is more loss elimination to come and the group has reduced overheads by amalgamating three of its 15 remaining companies. It attributes the more than doubled pre-tax loss to the former management's inability to act on clear financial warning signs and claims that its present programme is on track to produce at least e break-even in 1983. In the short term, Richardsons' chief concern is how to handle any bidders who may be attracted by the huge discount to net asset value on which the shares are trading. Caparo already holds e 19.5 per cent stake. Further ahead, the main problem is whether the completion of a £20m contract for a diving support vessel—which will boost the current year's results—will let the group *down with a bump in* 1984. The shares slipped 1p to 26p, capitalising the company at only £3.3m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Allied London Properties, Thomas Borthwick, Majedie Investments, Pentland Investment Trust, Wearwell.

Finals:—Gieves, Amos Hinton, London and Lennox Investment Trust, Mersey Docks and Harbour, Walter Runciman, Whitbread.

FUTURE DATES

Interims:—

Acia Jewellery	May 20
ICL	May 24
International Thomson	May 25
Redfearn National Glass	May 18
Scottish Investment Trust	May 26

Finals:—

Allied Irish Banks	May 26
Macdonald Martin Distilleries	May 27
Modern Engineers of Bristol	May 26
Sandhurst Marketing	May 25
Wace	June 1

J. Foster recovery in second six months

AS EXPECTED mid year John Foster and Son, spinner and manufacturer, more than made up tha £299,000 first-half loss in the second six months to finish the year to February 25 last £245,000 in the black at the pre-tax level, compared with the previous year's deficit of £291,000.

Although in accordance with the usual pattern a loss will be shown in the first half of the current year, it is anticipated that the continuing improvement in prospects for direct and indirect exports of the group's quality suiting cloths, which constitute a major part of the business, will result in a further increase in profits for the whole year.

The group has a full order book in *most sectors.*

Meanwhile a final dividend of 1p (nil) makes a net total of 1.5p (0.5p) net per 25p share.

Turnover for 1982-83 expanded from £13.04m to £14.7m. Pre-tax figures were after charging £341,000 (£314,000) for interest. Tax took £52,000 (£20,000)—there were extraordinary debits last year of £61,000.

Stated earnings per share amounted to 2.4p.

● comment

John Foster makes high quality worsted and mohair cloth. It is particularly popular with the Japanese who accounted for about 40 per cent of its £14.7m turnover which increased 12.7 per cent in 1982-83. Overseas business progressed generally with improved contributions from the EEC and the Middle East, its major markets after Japan to make exports 82 per cent of total turnover, up from 75 per cent. Volume was slightly down but improved margins and increased efficiency pushed John Foster back into a £245,000 profit after two years in the red. The *company is optimistic that it* can build from this base with full order books in most sections of the business. It is testing two new areas which have been well received in the trade—ladies' cloth and furnishing fabrics. The U.S. market looks particularly promising for furnishing fabrics with good margins, an 11 per cent duty compared with the 41 per cent levied on traditional cloth and tough fire regulations which favour all wool materials. This business should grow to between 5 and 8 per cent of turnover. Tha share price rose 2p to 33p a three-year high giving a historic yield of 6.6 per cent and a fully taxed historic p/e of over 22.

Bellway rises to £0.64m after interest charge fall

AFTER A £177,000 fall in interest payable to £813,000, housebuilder Bellway increased taxable profits from a restated £546,000 to £640,000 in the first half to January 1983. Turnover was higher at £18.68m, compared with £16.55m.

As forecast at the time of the company's rights issue in December 1982 the interim dividend is being maintained on the *increased* capital at 3p net per 25p share. Last year a total of 7p was paid from pre-tax profits of £2.33m (£1.78m).

The directors point out that the accounting policy on the recognition of sales and profit in respect of private housebuilding has changed to legal completion whereas previously they were included on physical completion and acceptance by the purchaser. Had the previous accounting policy been continued, pre-tax profits would have been £371,000 (£54,000).

They say sales reservations are running at the highest level ever in the group's history. They anticipate that the results for full year will show an improvement over 1981-82 as restated.

Taxable profits included rental income of £118,000 (£117,000). Tax took £135,000 (£70,000) leaving attributable profits of £487,000 (£476,000) and stated earnings per share of 3.8p (3.7p) on the capital prior to the rights issue.

Second half boosts Extel to £5.26m

AFTER a boost in profits from sporting and financial news services pre-tax profits of Extel Group increased from £4.45m to £5.26m as indicated earlier this month at the time of the proposed bid for Benn Brothers. The net dividend for the year has been lifted from 9p to 10p with an increased final of 7.5p against 6.5p, also as indicated.

Second-half pre-tax profits improved from £2.85m to £3.95m.

Earnings per 25p share were shown as slipping from 24.7p to 17.7p.

A breakdown of profits by division shows: sporting and financial news services £2.45m (£1.53m); printing £971,000 (£1.31m); *advertising* and public relations £785,000 (£520,000); other interest £1.31m (£1.42m).

Group turnover amounted to £108.99m (£99.19m). Pre-tax profits were struck after interest charges reduced from £328,000 to £258,000.

Tax charges rose from £1.27m to £2.77m. Minorities took £280,000 (£179,000) and extraordinary debits fell from £1.4m to £323,000, and relate to rationalisation costs.

James Beattie

Improved pre-tax profits have been shown by James Beattie, rising from £2.99m to £3.48m for the year to the end of January 1983. Turnover of this retail store operator moved up from £38.08m to £39.81m, including VAT.

Earnings per share of this close company were shown as rising from e restated 6.93p to 7.99p after which the dividend for the year has been effectively lifted from 2.375p to 2.65p net.

Sales at the end of the first quarter of tha current year were showing an increase of fi per cent over last year, say the directors. If this trend continues they say the company will be placing larger orders with suppliers.

Tomatin rights

Tomatin Distillers say that acceptances have been received for 1,197,253 7 per cent convertible preference shares, approximately 53 per cent of the offer by way of rights of up to 2.25m preference shares.

LADBROKE INDEX

674-679 (—1)
based on FT Index
Tel: 01-493 5261

IMI dividend view

Sir Robert Clark, the chairman of IMI, told the annual meeting that it was the intention of the directors to restore the earlier dividend level as soon as their current generation of profit and views on future profits reasonably justified it—the dividend for 1982 was up by 1p to 3.5p.

Shareholders were told that the past three months or so had undoubtedly seen some upturn in general business confidence and activity, first in the U.S. and then in the UK.

In UK engineering the upturn seen by IMI had affected only some of its market sectors and on a like for like basis Sir Robert said, volume in the first quarter had increased by some 4 per cent compared with last year.

Referring to the group's wrought metals businesses, he said in titanium he could see good *reasons to look for some* improvement in demand in the next two or three years and that IMI was well equipped to benefit from this.

John Finlan

The annual general meeting of John Finlan will be held at tha Lord Daresbury Hotel, Daresbury, Warrington, next Friday at noon. This amends the stated venue in yesterday's Financial Diary.

BCWA 1982
Another Record Year for the Private Patients Scheme

Highlights from the 1982 Report and Accounts

- Contribution income increased by 49% to a record total of £3,577,863
- Benefits paid to subscribers rose by 55% to £2,955,103
- Total operating costs consumed a lower proportion of contribution income than in the previous year

"Our membership increased by no less than 35% during 1982 against a national increase of 3% and is the most reliable indicator of our competitiveness in the private medical insurance market".

P.M. JAMES (Chairman)

Copies of the 1982 Report and Accounts can be obtained from the Secretary

bcwa Bristol Contributory Welfare Association
Bristol House, 40-56 Victoria Street, BRISTOL BS1 6AB. Telephone: (0272) 293742

CO-OPERATIVE BANK LIMITED
US $25,000,000
Floating Rate Capital Notes 1986

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 18th May, 1983 to 18th November, 1983 the Notes will bear an interest rate of $9\frac{7}{16}$% per annum with a coupon amount of US$48.236

London & Continental Bankers Limited
Agent Bank

Granville & Co. Limited
(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1982-83 High	1982-83 Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	134	—	6.4	4.8	7.8	10.2
158	117	Ass. Brit. Ind. CULS	151	—	10.0	6.6	—	—
74	57	Airsprung Group	62	—	6.1	9.8	17.7	17.7
46	28	Armitage & Rhodes	28	—	4.3	15.4	3.1	5.5
330	187	Bardon Hill	330	—	11.4	3.5	13.8	17.5
149	100	CCL 11pc Conv. Pref.	149	—	15.7	10.5	—	—
270	210	Cindico Group	210	—	17.6	8.4	—	—
86	47	Deborah Services	47	—	6.0	12.8	3.1	8.4
97½	77	Frank Horsell	86	—	—	—	8.0	8.6
98	75½	Frank Horsell Pr Ord 87	94½	—	8.7	9.2	10.5	11.3
83	61	Frederick Parker	62	—	7.1	11.5	3.9	6.2
85	34	George Blair	34	—	—	—	6.9	12.3
100	74	Ind. Precision Castings	76	—	7.3	9.6	9.7	12.3
172	100	Isis Conv. Pref.	172	—	15.7	9.1	—	—
147	84	Jackson Group	147	—	7.5	6.1	4.8	8.4
225	111	James Burrough	225	—	6.8	4.3	16.4	16.3
260	148	Robert Jenkins	148	—	20.0	13.5	1.8	23.5
83	54	Scruttons "A"	67	—	6.7	6.5	8.7	70.5
167	110	Torday & Carlisle	110	—	11.4	10.4	4.6	8.8
29	21	Unilock Holdings	26	—	0.48	1.6	—	—
85	64	Walter Alexander	67	—	6.4	9.6	4.9	6.9
270	214	W. S. Yeates	265	—	17.1	6.5	4.1	8.5

Prices now available on Prestel page 48146.

LAMBERT HOWARTH
CONSIDERABLE ADVANCE IN PROFITS

Results for the year ended 31st December	1982 £000	1981 £000
Turnover	17,484	16,103
Profit before Taxation	1,001	627
Profit after Taxation	556	435
Net Assets Employed	5,180	4,447
Issued Capital	600	600
Per 20p Ordinary Share: Earnings	18.5p	14.5p
Dividends	5.75p	4.75p

Extracts from the Statement by Mr. J. M. Jackson, Chairman

Group profits before taxation in 1982 increased to £1,001,147 compared with £627,110 the previous year. These profits were achieved on sales increased from £16,103,622 to £17,484,228. This increase in sales was achieved almost entirely in tha home market helped by better than expected autumn sales. During 1982 some of the benefits resulting from the considerable rationalisation of our manufacturing activities which has occurred over the past two and a half years became evident. We were also successful in further reducing our working capital requirement with consequent saving of interest charges.

Your Board remains confident that its recent actions in improving productivity and product design will continue to show benefits in the future.

The Group's Balance Sheet indicates a sound position with shareholders' funds considerably exceeding the issued capital.

The Group is a substantial supplier of footwear to Marks & Spencer p.l.c. and also to leading wholesale and multiple chains throughout the country and prominent mail order groups. Part of its production is sold through wholesalers under the registered trade mark "Osbornia" and a significant portion of slipper production carries the "Gannex" brand for which the Group has sole distribution rights.

LAMBERT HOWARTH GROUP p.l.c.
BURNLEY & ROSSENDALE, LANCASHIRE—ISLE OF MAN

Copies of the 1982 Report and Accounts are available from the Secretary, Lambert Howarth Group p.l.c., Rossendale Works, Waterfoot, Rossendale, Lancashire BB4 9LJ.

Unilever results

The Directors of Unilever announce the results for the first quarter of 1983

UNILEVER COMBINED RESULTS ON AN HISTORICAL COST BASIS (£ millions)

	First Quarter 1983	First Quarter 1982	Increase/(Decrease)
SALES TO THIRD PARTIES	3,278	3,217	2%
OPERATING PROFIT	165	173	(5)%
Concern share of associated companies' profit before taxation	11	13	
Income from trade investments	—	1	
Interest	(13)	(8)	
Interest on loan capital	(17)	(18)	
Other interest	4	10	
PROFIT BEFORE TAXATION	163	179	(9)%
Taxation on profit of the year	(78)	(84)	
Taxation adjustments previous years	—	2	
Outside interests and preference dividends	(7)	(6)	
Profit attributable to ordinary capital	78	91	(14)%
Difference on translation of 1983 results at end March 1983 rates of exchange	(1)		
PROFIT ATTRIBUTABLE TO ORDINARY CAPITAL	77	91	(15)%
—PLC	39	50	
—N.V.	38	41	
Combined earnings per share — per 25p of capital	20.73p	24.50p	(15)%

Exchange Rates. The results for the quarter and tha comparative figures for 1982 have been translated at comparable rates of exchange. These are based on £1=Fl.4.23=U.S. $1.61, which were the closing rates of 1982. An exception has been made for the results that have arisen in hyper-inflationary economies, which for tha current quarter have been translated at forecast closing rates for 1983. The profit attributable to ordinary capital for the current quarter has also been translated et the rates of exchange current at the end of March 1983 being based on £1=Fl.4.04=U.S. $1.48.

Results.

In the first quarter of 1983 sales value was 2 percent higher than in the corresponding quarter of 1982, but sales volume was 2 percent down. Operating profit was 5 percent below last year.

In Europe results in total were down on last year. In the consumer groups food and drinks and detergents did better than in 1982 but the results of edible fats, frozen products and personal products were below last year. The industrial businesses continue to suffer from the low level of business activity and their results were lower than last year.

The total results of our operations in North America showed an excellent improvement in comparison with 1982. National Starch, who performed very well in the quarter, and Lever Brothers, who showed an operating profit after e period of losses, both contributed to these improved results.

Import restrictions in Nigeria and significantly reduced economic activity in Francophone Africa caused e severe drop in UACI's sales volume both in exports and local sales; UACI's results were, in consequence, substantially worse than last year. UACI's volume shortfall accounted for a large part of the fall in the concern sales volume.

Elsewhere outside Europe and North America total results were higher than last year. Despite reduced consumer purchasing power in some countries, notably Brazil and Indonesia, sales volume increased by 4 percent.

Net liquid funds were considerably above those at the close of the first quarter of 1982, but lower interest rates caused a substantial fall in other interest.

16th May, 1983

Unilever Quarterly Results are reprinted in leaflet form.
If you wish to be included in the mailing list for these leaflets please write to:
Public Relations Department, P.O. Box 68, Unilever House, London EC4P 4BQ.

Part of everyday life, in 75 countries.

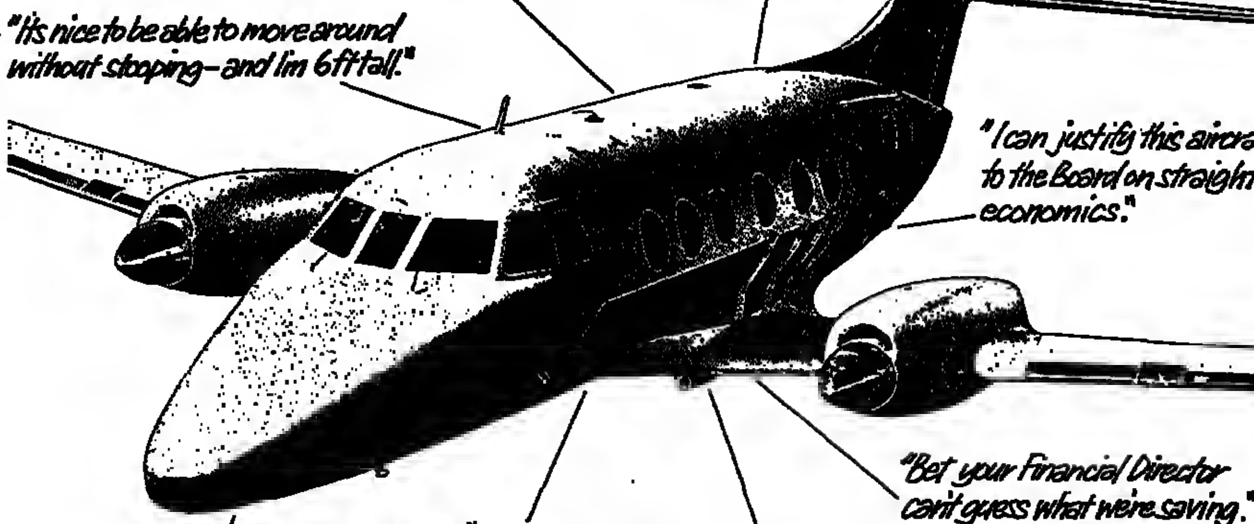
HAVE YOU HEARD WHAT THEY'RE SAYING ABOUT JETSTREAM 31?

"Jetstream's range means we can fly direct to all our manufacturing plants without big airport hassle."

"We can have a business meeting on board in peace and quiet with this seating arrangement."

"It's nice to be able to move around without stooping—and I'm 6ft tall."

"I can justify this aircraft to the Board on straight economics."



"Bet your Financial Director can't guess what we're saving."

"On shorter routes its cost and comfort leave executive jets standing."

"Yesterday this 12-seat shuttle was an 18-seater carrying our sales team back from a conference. Tomorrow it'll be a luxury 9-seater carrying the board."

"With six passengers we match airline fares. With twelve we halve them."

If you want to fight toughening competition and tightening budgets, you'd better give Jetstream 31 serious consideration.

This impressive pressurised turboprop can be whatever you want it to be. 18 seat airliner. Air charter. 12 seat executive shuttle. 9 seat luxury corporate. Air ambulance. Aircrew trainer. Economic zone surveillance. Mililary transport.

The big aircraft features ioclude: an incomparable 5'11" × 6'1" × 24' cabin. Low fuel burn from Garrett TPE 331-10 engines and Dowty Rotol propellers. Sigoificant range and non-refuelling capability. Excellent break-even levels. Superior corrosion protection and airframe integrity.

Jetstream 31 is built and supported by a major manufacturer whose short-haul aircraft have accumulated over 24 million airline landings.

And recently Business and Commercial Aviation said about it, "Based upon the capabilities of the Jetstream 31 plus the commitment of British Aerospace, operators in each area should find this aircraft with its new power plants and systems worthy of serious consideration."

In other words, if you are looking for a 'Big Feel' small aircraft which offers unmatched reliability, economy, comfort, amenities and higher construction standards, then look at Jetstream 31.

See what everyone's talking about.

BRITISH AEROSPACE JETSTREAM 31

I'd like to see what everyooe's talking about. Please send details of your full-size, short-haul turboprop.

Name
Position
Company
Address
Tel

BRITISH AEROSPACE AIRCRAFT GROUP
unequalled in aerospace technology
Richmond Road, Kingston-upon-Thames, Surrey KT2 5QS, England

FT 5/83

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame Luxembrg. Tel. 47971
Actibonds Inv $20.04 .. —

... ndt Guernsey Mngt Ltd
PO Box 71. St Peter Port, Guernsey. 0481 28541
Tech & Comms — £10 00 —

CAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 28031
CALCM&C 0.949 0 999 +0.026 —
CALMetals 0.930 0 075 +0 030 —
Dealing days every Monday.

CAL Investments (Bermuda) Limited
PO Box 1022. Hamilton, Bermuda (809-29) 5-5950
CAL CTN Fd 0.99 1.05 —
Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
40 Athol St, Douglas. IoM. 0624-20845
Comm&FFFd(Acc) 98.75 102.87 —
Com&FFFd(Dist) 90.75 103 87 —
Next dealing date May 16.

DunVast Ltd
PO Box 607, Grand Cayman
NAV May 1 $126.00 ... —

Framlington Overseas Fund Mngt Ltd
PO Box 71. St Peter Port, Guernsey. 0481 20541
O'seasInc&Gth — 50.0 ... —

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port. Guernsey. 0481 22961
LA Inc $105.30 105.40 —
LA Acc‡ $131.10 131.45 .... —
MIT Inc $118.96 119.56 —
MITAcc‡ $121.18 121.05 —

Marine Midland (CI) Ltd
140 B'way, NY 10015, USA 212-440-1000
Queens Hse Don Rd. St Helier. 0534 71460
Intcurcy $1,000.0 —
Initial offer. Next sub day June 10.

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg. Bermuda. 809 20 5400
Amer Tst $11.97 12.30 —

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Brit. Petroleum (*370)						
300	80	86	—	2	3	—
330	50	56	—	4	6	—
360	28	38	48	12	13	28
390	18	24	32	00	38	42
420	7	14	—	56	60	—
Cons. Goldfields (*557)						
420	147	—	—	2	—	—
460	107	120	—	4	8	—
500	74	85	92	9	22	28
550	37	54	65	28	40	47
600	16	28	—	54	—	—
Courtaulds (*98)						
70	31	33	—	1	2	—
80	21	24	28	1½	3	4
90	14	17	19	3½	4½	7
100	7½	10	13	8	10	12
Commercial Union (*166)						
120	50	53	—	1½	1½	—
130	39	44	—	2	3	—
140	30	35	39	3	5	7
160	14	20	25	8	10	15
G.E.C. (*215)						
180	48	58	—	3	7	—
200	32	40	—	5	11	—
220	52	30	37	16	22	26
240	12	20	26	28	32	38
260	5	—	—	46	—	—
Grand Met. (*338)						
280	64	—	—	3	—	—
300	45	51	58	6	2	12
330	28	35	43	12	15	28
360	17	24	30	29	32	35
390	8	15	—	55	57	—
I.C.I. (*452)						
330	134	—	—	3	—	—
360	104	110	—	3	4	—
390	75	84	—	5	7	—
420	50	52	68	10	18	22
460	60	40	48	24	34	38
500	15	24	32	52	58	62
Land Securities (*304)						
260	48	55	—	2	—	—
280	29	38	—	5	10	—
300	15	24	32	11	18	21
330	5	15	21	33	37	40
Marks & Spencer (*200)						
180	27	34	—	4	2	—
200	18	25	33	10	14	17
220	8	15	22	25	26	27
240	3	—	—	42	—	—
Shell Transport (*486)						
390	106	110	—	2	3	—
420	76	82	—	5	10	—
460	40	48	56	11	18	24
500	22	30	38	33	36	44
550	7	14	—	70	76	—

Option	Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays Bank (*461)						
360	102	112	—	2	2	—
390	72	82	—	2	3	—
420	42	62	75	2	7	12
460	6	36	52	5	23	32
500	2	15	27	43	48	60
Imperial Group (*110)						
90	21	—	—	0½	—	—
100	11	—	—	1	—	—
110	3	11	13	3	7	8
120	1½	6	8	11	13	15
130	1	3	4½	21	22	23
LASMO (*263)						
210	77	80	27	1	3	4
230	52	73	82	1	4	8
250	36	58	57	1½	12	30
270	20	43	60	5	20	28
290	6	30	—	13	30	—
300	—	—	37	—	—	40
320	1	18	—	37	60	—
330	—	—	25	—	—	60
350	1½	—	—	—	—	—
380	1	—	—	—	—	—
Lonrho (*88)						
80	2	13	16	1	2½	3½
90	1½	7½	9	3	7½	2½
100	0½	3½	6	13	14	17
P. & O. (*154)						
100	55	81	—	0¼	1	—
110	45	51	—	0½	2	—
120	35	41	46	0¼	3	1
130	25	31	38	0½	3	4
140	15	24	29	0¼	4	8
160	2½	13	18	8	13	19
Racal (*469)						
420	56	75	93	2	2	14
460	17	45	68	5	23	30
500	2	30	37	34	45	53
550	2	16	—	84	84	—
600	2	4	—	134	134	—
650	2	—	—	184	—	—
R.T.Z. (*579)						
390	186	—	—	0½	—	—
420	165	182	—	0¼	—	—
460	125	142	—	0½	3	—
500	85	105	117	0¼	7	13
550	36	72	80	3	17	32
600	6	40	52	22	44	62
Vaal Reefs (*123)						
90	33	36½	38½	1	1	2½
100	25	27½	32½	1	2½	5½
110	15	22	27½	0¼	5	2
120	5½	18½	23	1	2	11½
130	1	11	15½	6	13½	15½
140	1	6	11	—	—	—

Option	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (*376)						
360	32	43	63	11	14	20
390	18	33	40	25	37	40
420	7	22	28	48	52	57
Guest Keen (*156)						
135	26	30	34	2	5	9
155	12	18	21	8	15	15
175	4½	9	12	20	24	27

Total Contracts 2,115 Calls 8,030 Puts 1,085
* Underlying security price.

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Int'onr Accum	105 7	111 3	+0 4	
Do Initial	104 0	104 5	+0 4	
Man. Pens. Accum	232 3	244 6		
Do Initial	195 0	205 3		
Gilt-Edg Pens. Accum	209 9	211 5		
Do. Initial	162 4	171 0		
Money Pens. Accum	179 2	188 7		
Do Initial	146 7	154 5		

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd		227 89		—
Managed Inv. Fd	154 39	162 52		—
Property FD.	148 23	156 04		—
Fixed Interest FD.	140 65	148 06		—
Cash Fd	133.37	140 39		—
Income Fd.	159 68	168 09		—
Extra Income Fd.	154.82	162 97		—
Worldwide Growth Fd.	212.89	224 10		—
Balanced Fd.	168.11	176.96		—
Smlr Co's & Recv. FD	197 96	208 38		—
Int. Technology FD.	243 52	256.34		—
Nth. Amer. & Gen. Fd.	158.05	166.37		—
Energy Inr. Fd.	94.12	99.08		—
Pacific Basin Fund	123.39	129.89		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	94 6	99.5		—
International	119 7	126.0		—
Property	103.4	108.8		—
Deposit	97.0	102.1		—
Fixed Interest	96.2	101.2		—
Managed	104.6	110.1		—
Equity Pens Cap	92.8	97.7		—
Intnl. Pens. Cap.	125 9	132.5		—
Property Pens Cap	103 9	109.4		—
Deposit Pens Cap.	96.2	101.2		—
Fixed Int Pens Cap.	95.0	100.0		—
Managed Pens Cap.	106 3	111.9		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth May 1		93.6		—
Retmt. Fed. May 6		233.0		—
Managed Pen Fund	177.2	186.5		—
Property Pen Fund	130.2	136.0		—
Index Lnkd Pen Fund	119.1	125.4		—
Managed	114.2	120.2		—
Property	99.7	105.0		—

C.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01 628 8131

G.T. Plan Bond Fund	121 8	128 3	0 5	
GT Pln High Yld Fnd	111 1	117 0		
GT Plan Far East Fnd	98 9	104.2		
GT Pln N Am Fund.	150 8	158 8	6 1	
GT Pln UK&G E. Fnd	124 7	131 3		
GT Pln Wrldwde Fnd.	134 1	141 4		
GT Pension Bnd Fnd	130 9	137 8	−0 7	
GT Pen High Yld Fd	125.2	131.8		
GT Pen Far East FD	114 9	121.0		
GT Pen N Am Fd	219 9	231.5		
GT Pen UK & G E. FD.	142.6	150 2		—
GT Pen Worldwide Fd.	143 4	151 0		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	162.3	170.9		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		240.5		—
Portfolio Fd. Init.		202.8		—
Portfolio Fd. Cap.		231.9		—
Investment A'cts	240.4	253.0		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,468		—
Landbank Secs.		66.2		—
Landbank Scs. Acc.	180.2	184.8		—
G. & S. Super Fd.		£11.089		—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	299 9	312 3		—

GRE Linked Assurance Limited

Managed Initial	197.3	[illegible]	+0.1	—
Do. Accum.	216 9	[illegible]	+0.7	—
Equity Initial	244.6	[illegible]	+1.0	—
Do. Accum.	268.9	[illegible]	+1.1	—
Fixed Int. Initial	185.1	[illegible]	−0.2	—
Do. Accum.	203.5	[illegible]	+0.2	—
International Initial	202.7	[illegible]		—
Do Accum.	222.8	[illegible]		—
North American Initial	97.8	[illegible]		—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF 01-404 0393

"Asset Builder"	64 2	67 6		

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr April 29	58 2	62.1		—
MMFlexible April 6	50.3	53 0		—
Fixed Interest April 29	53.4	56.3		0.—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	271.2	—	−0.1	—
Invest. Tst. Fd. Acc.	282.4	—		−9.8
Property Fund Cap.	113.4	—	−0.1	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		283 7		—
Property Fund (A)		276 3		—
Agricultural Fund		1071.3		—
Agric. Fund (A)		1044 3		—
Abbey Nat. Fund		224.9		—
Abbey Nat. Fd. (A)		224 0		—
Investment Fund		131 9		—
Investment Fund (A)		129 7		—
Equity Fund		386 8	+1.3	—
Equity Fund (A)		379 8	+1.3	—
Money Fund		209.8		—
Money Fund (A)		206.1		—
Actuarial Fund		210.9		—
Gilt-edged Fund		184.9		—
Gilt-Edged Fd. (A)		184.0		—
Retire Annuity		346.8		—
Immed. Ann'ty		195.0		—
International FD.		254.7	+1.5	—
Bldg. Soc. 1 ife Fd		102.2		—

Property Gth Pens & Annuities Ltd

All Weather Ac. Uts.	251.1	264.3		

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552

Managed	191.4	201.5	+0 4	—
Property	144 7	152 4	+0.1	—
Equity.	215.2	226 6	+0 9	—
International	208 1	219 1	+0 1	—
Fixed Interest	160.2	168.7	+0 2	—
Index Linked	100 0	106.2	−0.1	—
Cash	127.7	134.5		—
Pension Managed	219.7	231 3	+0 6	—
Pension Property	145 7	153.4	+0.1	—
Pension Equity	247.5	260.6	+1.2	—
Pension Intl	248.3	261.4	+0.5	—
Pension Fxd. Int.	166.4	175.2		—
Pension Index Linked	102.1	107.5		—
Pension Cash	142.1	149 6	+0.1	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unicorn Trust	45 5	47 4		11 20
Unidollar Trust	$15.10	16 01		2 00
Unibond Trust	$88 38	89 16		10 60

2, Thomas St, Douglas, Isle of Man 0624 23252.

Uni-Australian Tst.	67 5	72.6		1 70
Uni-Aust. Mineral Tst	57 0	61 3		1.80
Uni-Pacific Trust	142.6	153 4		—
Uni-International Tst.	64 8	69 7		1 60

Bishopsgate Commodity Ser. Ltd.
P.O Box 42, Douglas, I.o M. 0624-23911

ARMAC* May 3	$61 15	65.02		—
COUNT** May 3.	£3.709	3 934		1 33
CANRHO** May 3.	£2.203	2.336		—

Original issue *$10 and **£1. Next sub. June 6.

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi May 2		Y35,947		—
Nippon Fd May 11	$26.97	28 16		0 89

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$35.71	37.10		3.10
Wardley Nikko As. Fd.	$30.21	31.59		4.75
Wardley Bond Trust	$11.10	11.30		0 05
Wardley Japan Trust	$22.24	23.05		0.78

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd	£1 06	1.11		3.00
US $ Option	$1 00	1.05		—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.34		−0.08	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	36 4	37 9		3.10
Chinese Fund	73.2	76.2		1.70
Precious Metal Fund.	136.8	142.3		8.30
Vanguard Cmdy. Fd.	43 7	44 8		2.26
Financial Futures Fd.	128 5	133 8		—
Wren Intl. Fnd.*	$0 917	0 954		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for May 16.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¾ 90	100	97¾	98¼	−0⅜	−0⅝	10.86
Amro Bank 13 88	200	106	106½	−0¼	−0⅝	11.18
Bank of America 8 88 XW	150	89¾	90¼	−0⅛	−0⅛	10.75
Bank of Tokyo Hold 11 90	100	99¾	100¼	−0¾	−0¼	10.99
British Col Hyd 10¼ 88	200	99½	100	−0¾	−0⅛	10.38
Canadair Ltd 12½ 89	175	107¼	107¾	−0⅛	−0½	10.89
Canadian Wheat 11¼ 90	50	102⅛	102⅝	−0⅜	−0¾	10.75
CIBC 11 90	75	98¼	98¾	−0⅛	−0¼	11.32
Coca Cola Int 9⅞ 92	100	96⅛	96⅝	−0⅛	−0¼	10.48
Coca Cola Int 11¾ 89	100	105	105½	−0¼	−0½	10.55
Cred Suisse BAH 10½ 98	150	100⅛	100⅝	0	−0⅝	10.41
Credit Suisse 10½ 89	100	103⅛	103⅝	+0⅝	+0½	9.75
Den Norsk Cred 11¼ 93	50	97¾	98¼	–	–	11.58
Du Pont 11¼ 95	150	103⅝	104⅛	−0⅛	−0⅝	10.64
E.D.C. 10¾ 88	100	101	101½	−0¼	−0⅝	10.37
E.D.C. 11¾ 87	100	103½	104	−0⅛	−0¼	10.81
E.D.F. 11⅛ 93	100	97⅞	98⅜	−0¼	−0⅝	11.45
E.E.C. 10¾ 95	75	96⅞	97⅜	−0¼	−0⅝	11.21
E.E.C. 11½ 95	200	100⅞	101⅜	0	0	11.32
E.I.B. 11 91	125	100	100½	−0¼	−0⅝	10.93
Forsmarks 13¾ 92	15	108	108½	−0⅝	−0⅝	12.10
Fuji Int Fin 10⅞ 90	100	98⅝	98⅞	−0⅛	−0¼	11.17
Gaz de France 12¼ 93	175	101¾	102¼	−0⅝	−1⅛	11.88
Gen Elec Credit 9¾ 91	100	15	16½	−0⅝	−0⅝	10.44
Gen Elec Credit 12 89	100	107	107½	−0⅝	−0⅝	10.36
GMAC O/S Fin 10½ 90	200	101	101½	0	−0⅛	10.21
Gulf Oil Fin 12¼ 87	100	104¼	104¾	−0¼	−0½	10.82
Honeywell Int 10⅞ 90	100	99⅝	100⅛	−0⅛	−0¼	10.76
IBM World Trade 12¼ 92	200	109¼	110⅝	−0⅛	−0⅝	10.48
Indust Bk Japan 10⅞ 89	100	99⅝	100⅛	0	0	10.90
Japan Air Lines 10⅞ 98	42	97⅝	97⅞	–	–	11.21
Manitoba 11¾ 89	125	105⅛	105⅝	−0⅛	−0⅛	10.53
Merrill Lynch 10⅝ 90	200	99½	100	−0¼	−0¼	10.67
Midland Int Fin 11½ 92	150	102	102½	−0⅝	−0⅝	11.08
Mitsubishi Corp 10½ 90	100	98⅝	99⅛	−0⅝	−0⅛	10.76
Nat West Fin 11¾ 92	150	103⅜	103⅞	−0⅛	−0⅝	11.09
Nippon Credit 11 90	100	98⅜	98⅞	–	–	11.29
Nippon Credit 11¼ 93	100	98⅞	99⅜	−0⅛	−0⅝	11.38
O.K.B. 10 91	100	95⅞	96⅜	−0⅛	0	10.74
Ontario Hydro 11⅛ 89	200	103⅜	103⅞	−0⅝	−0⅛	10.33
Ontario Hydro 12¾ 92	200	109¼	109¾	−0¼	+0⅝	11.05
Prudential O/S 10⅝ 93	100	100¼	100¾	−0½	−0⅛	10.53
Prudential O/S 12¾ 91	150	108⅜	108⅞	−0⅛	−0⅛	10.25
Quebec Hydro 11½ 92 0	100	102¾	103¼	+0⅛	−0⅝	10.96
R. J. Reynolds 12¾ 89	100	107⅛	107⅝	−0⅛	−0¼	11.04
Saskatchewan Pr 10¾ 90	125	100¼	100¾	−0⅛	0	10.63
S.N.C.F. 11⅜ 93	100	99¾	100¼	−0½	−0½	11.48
Sth Cal Edison 10½ 90	75	99½	100	−0½	−0⅝	10.56
Swiss Bk Corp 10¼ 90	125	101⅞	102⅜	−0⅝	−0½	9.78
Texaco Capital 9¾ 90	150	96⅝	98⅛	−0⅛	−0⅝	10.45
U.B.S. 10 88	100	101¼	101¾	−0½	−1⅛	9.68
U.B.S. 11 89	150	103¼	103¾	−0½	−1	10.21
Walt Disney Pro 12½ 89	75	105⅝	106⅛	−0⅛	−0⅝	10.88
Westpac Int Fin 11 90	100†	98	98½	−0½	−0½	1.26
World Bank 10⅞ 88	150	99⅞	100⅜	−0¼	−0⅝	10.33
World Bank 10⅞ 93	100	100¼	100¾	−0¼	0	10.78
World Bank 11⅛ 98	100	100½	101	−0⅝	−0⅛	11.00

Av. price changes: on day −⅛, on week −⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 93	200	99½	100¼	0	0	8.09
Bank of Tokyo 7½ 90	100	99⅝	100⅛	0	−0½	7.15
Bayer Capital 7⅝ 89	150	104⅝	105⅛	0	0	6.69
Caisse Nat Energie 8 93	100	99¾	100¼	−0⅛	−0⅛	7.99
Caisse Nat Tele 7¾ 93	200	97⅞	98⅜	−0⅛	−0⅛	8.01
E.C.S.C. 7½ 93	150	98¾	99¼	+0¼	+0⅛	7.82
E.E.C. 7¾ 95	200	99⅝	100⅛	+0⅛	+0⅛	7.71
E.E.C. 8 94	200	100⅞	101½	−0⅛	−0⅛	7.84
Escom 8½ 90	150	101⅝	102⅛	+0⅛	+0⅛	8.15
Eurofima 7½ 91	100	101⅝	102⅛	0	−0⅛	7.19
Ferrovie Dello 8⅝ 88	150	101⅝	102⅛	+0⅛	+0⅛	8.18
H.J. Heinz Int 8¾ 88	50	100⅞	101½	0	+0¼	8.45
Int-Am Dev Bk 7¾ 93	200	97⅝	98½	0	0	8.03
Int-Am Dev Bk 8¼ 93	150	101	101½	+0⅛	+0⅛	8.03
Ireland 8½ 90	150	101½	102¼	+0⅛	+0⅛	8.12
Ireland 8⅞ 91	150	102½	102⅞	−0⅝	−0⅝	8.40
ITT Antilles 7 93	200	97⅜	98⅛	0	+0⅛	7.25
McDonalds Fin 7⅞ 92	100	101¼	102	−0⅛	+0⅝	7.88
Mitsui O.S.K. 7¼ 88	100	100⅝	101⅛	−0¼	−0⅛	7.06
Mount Isa Fin 7⅝ 88	100	98½	99⅛	+0⅛	+0⅛	7.91
Quebec Hydro 8 93	200	102½	103¼	0	+0⅛	7.59
Sweden Kingdom 8¼ 90	150	102½	103¼	0	+0⅝	7.66
Volkswagen Int 7⅛ 93	200	97¾	98¼	−0⅛	−0⅛	7.54
World Bank 7¼ 93	200	97⅝	98⅜	−0⅛	−0⅛	7.54
World Bank 7½ 93	300	98⅝	99½	0	+0¼	7.63

Av. price changes: on day 0, on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 5½ 95	100	100	100¼	+0⅝	+1	5.42
AKZO 5⅝ 93	100	99	99½	–	–	5.74
American Express 4¾ 93	100	94¾	95	0	−0⅝	5.44
Asian D.B. 5½ 95	100	99½	99¾	0	−0⅛	5.56
BTR Finance 5⅝ 93	75	97¾	98	+0¼	+0¼	5.91
Carle-Tuborg Brw 5¾ 93	90	102	102½	−0⅝	−0⅛	5.45
Chujitsuya Co 5⅞ 93	50	97½	97¾	0	+0¼	6.28
E.I.B. 5⅛ 93	100	99½	100	+0⅛	+0⅛	5.10
Ex-Im Bk Japan 5 93	100	98½	98¾	+0⅛	−0⅝	5.45
Fuji Electric Co 6 93	100*	102	102¼	0	+0⅛	5.11
Gothenburg Airport 6 93	50*	99½	100	−0⅝	−0⅝	6.03
HCA Finance 5 93	100	97½	98	−0⅝	−0⅝	5.28
Japan Dev Bank 5½ 93	100	99	99½	–	–	5.62
Manitoba Prov 5¼ 93	100	101¾	102	+0¼	+0⅛	5.00
Nippon Express Co 6 93	50	101½	101¾	+1	+0¾	5.77
Nippon Kokan 5⅝ 93	100	94½	95	−0⅝	−1⅛	6.36
Norsk Hydro 5½ 89	100	98	98¼	−0½	−0¼	5.68
Quebec Hydro 5½ 93	100	100⅛	100⅝	−0⅛	+0¼	5.47
Sekisui House 6 93	100	100½	100¾	+0¼	0	5.91
Shikoku Elec Pow 5⅝ 93	100	98	98¼	0	+0⅛	5.88
Tohoku Elec Power 6 93	100	100¼	100½	−0¼	+0¼	5.95
Transcanada Pipe 5¾ 93	100	98¾	99	−0¼	0	5.90
Trizec Corp 6¼ 01	100	101½	102	−0¼	−0⅝	5.96
Union Bk Norway 5⅝ 93	60	98	98¼	+0⅝	0	5.63
Volvo 5⅜ 91	60	100	100¼	0	+0½	5.35
World Bank 5½ 93	100	99	99½	−0⅝	−0⅝	5.60

Av. price changes: on day 0, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	105⅛	105⅝	−0⅛	−0⅛	7.27
E.I.B. 8¼ 92	15	102¾	103½	+0¼	+0¼	7.75
Japan Airlines 7⅝ 87	9†	101½	102¼	+0⅝	−0⅝	7.27
New Zealand 8⅛ 89	10	101⅜	101⅞	−0⅛	0	7.28
World Bank 8⅛ 92	20	103⅝	104⅛	0	+0⅛	7.73

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cepme 12½ 90 CS	50†	99¼	99¾	0	0	12.58
Farm Credit 12⅛ 93 CS	50†	102⅞	103⅜	−0⅝	+0⅝	11.57
Improv Pipe 12¼ 93 CS	50†	99¼	99¾	0	0	12.33
Mont Trust 12⅛ 90CS	20†	98	99	0	+0¼	12.82
Pancanadian 12½ 93 CS	50†	100	100½	0	+0¼	12.44
Quebec Hydro 14 92 CS	60†	107½	108½	0	0	12.48
Swed Exp Cr 12⅝ 88 CS	50†	103½	104⅛	0	0	11.68
E.I.B. 11¾ 91 ECU	90	100⅝	101½	0	+0⅛	11.53
Quebec Prov 11½ 89 ECU	50	98⅞	99⅜	+0⅛	+0¾	11.85
Austria 7½ 98 Fl	100	98⅝	99⅛	−0⅝	−0⅝	7.78
Consol Foods 7⅝ 88 Fl	100	97⅞	98⅜	−0⅛	−0¼	7.32
Nederland Gas 7½ 88 Fl	100	99⅝	100⅛	−0⅝	−0⅝	7.40
Philips Lamps 7¼ 88 Fl	100	99⅝	100⅛	−0⅛	−0⅝	7.24
Quebec Prov 7½ 00 Fl	100	99	99½	0	0	7.58
World Bank 7 88 Fl	150	97½	98	0	−0⅝	7.57
O.K.B. 14 88 FF	400	99¼	100¼	0	0	14.04
Solvay & Cie 14¾ 88 FF	200	100⅞	101⅞	0	0	14.28
B.F.C.E. 11½ 88 £	50	97⅝	98⅛	−0¼	−0⅝	12.06
B.F.C.E. 14½ 87 £	30	107⅝	108⅛	0	−0¼	11.90
British Oxyg 11¾ 91	50	99⅝	99⅞	–	–	11.88
C.N.T. 12½ 89 £	20	101½	102¼	−0⅛	−0⅛	12.02
E.E.C. 11⅞ 01 £	50	100	100⅝	0	0	11.77
Fin For Ind 12⅛ 88 £	30	103¾	104½	0	0	11.15
Fin Mat Oranj 12⅝ 92 £	30	103¼	104	−0⅛	−0¼	11.98
Gen Elec Co 12½ 89 £	50	105⅜	106⅛	−0¼	−0¼	11.08
Mort Bk Fin 11¾ 90 £	15	96⅞	97⅜	−0⅝	−0⅝	12.32
Norsk Hydro 12 90 £	30	101½	102¼	0	−1	11.55
Norsk Hydro 14½ 87 £	30	108	109	+0¼	0	11.75
Quebec 14½ 89 £	30	109	110	−0⅛	−0⅝	12.20
S.D.R. France 15½ 92 £	30	107½	108¼	+0⅛	−0⅛	13.90
S.N.C.F. 11½ 89 £	30	97⅝	98⅜	−0⅛	−0¼	11.95
Tenneco Int 14¾ 87 £	30	108¾	109¾	0	+0⅝	11.80
World Bank 11⅞ 91 £	75	99¼	99¾	−0⅛	−0⅛	11.57
Euratom 11 93 LuxFr	500	103⅞	104⅞	+0¼	+0½	10.25
Europarat 10¾ 93 LuxFr	600	103⅝	104⅛	+0¼	+0⅛	10.15

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	99¾	100⅛	10/6	9⅝	9.74
B.F.C.E. 5¼ 87	0¼	99⅝	99⅞	27/7	9.94	9.96
B.F.C.E. 5¼ 90	0¼	99⅛	99⅝	20/7	9¼	9.31
Caisse Nat Tels 5¼ 90	0¼	99⅝	99⅞	21/10	9.56	9.59
C.C.F. 5¼ 95	0¼	99⅝	99⅞	7/10	10.10	10.21
C.C.F. 5¼ 98	0¼	99¾	100	24/9	9.94	9.95
Cepme 5¼ 88 WW	0¼	99⅞	99¾	3/9	5¼	5.28
Cepme 5¼ 92	0¼	99½	99¾	10/6	9.94	9.97
Chemical NY 5¼ 94 ††	0¼	100½	100¾	23/6	9⅞	9.85
Credit Agricole 5¾ 97	0½	99⅝	100¼	24/9	10	10.00
Credit du Nord 5¼ 92	0⅛	98⅞	99⅛	23/6	10⅛	10.23
Credit Lyonnais 5½ 94	0¼	99¼	99½	5/7	9⅝	9.81
Credit Lyonnais 5¾ 97	0¼	99½	99¾	1/10	10.06	10.10
Credit Nat 5¼ 94	0¼	98⅞	99⅛	8/8	9⅛	9.33
E.D.F. 5¼ 95 XW	0¼	99¾	99⅞	18/8	10	10.06
Kansallis Osake 5½ 92	0½	99¼	100⅛	6/11	9⅛	9.13
Long Term Cred 5¼ 92	0⅜	99¾	100	27/5	10⅛	10.14
J.P. Morgan 5¼ 97 §	0¼	100¼	100½	12/8	9	8.97
New Zealand 5½ 91	0⅛	100¼	100½	7/10	10.06	10.02
NZ Steel Dev 5¼ 92	0⅛	100	100¼	22/9	10.10	10.10
Nippon Credit 5¼ 90	0⅛	100	100¼	10/6	9⅞	9.86
Scotland Int 5¼ 92	0⅛	100⅛	100⅜	23/9	9.94	9.91
Sec Pacific 5¼ 91 †	0⅛	100	100¼	24/8	10.06	10.05
Société Générale 5⅛ 95	0¼	99¼	99¾	1/9	9½	9.55
Standard Chart 5¼ 91	0⅛	99⅞	100⅛	18/5	10.09	10.09
Sweden 5¼ 89	0¼	99⅝	99⅞	26/8	9⅝	9.65
Sweden 5¼ 93	0¼	99⅝	100⅛	3/8	10.10	10.20

Av. price changes: on day −⅛, on week −⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 6¼ 96	7/81	848.2	89¾	100¼	−0⅝	8.04
Bridgestone Tire 5½ 96	3/82	470	108¾	110⅛	−1¼	2.48
Canon 7 97	7/82	748.2	105⅛	108⅛	−5	−1.37
Fujitsu Fanuc 4½ 96	10/81	4491	118¾	120¾	−3½	4.54
Hitachi Cable 5½ 96	2/82	515	95	98½	−1¾	−2.73
Honda Motor 6½ 97	3/82	768.6	118¾	111¾	−1⅛	8.82
Kawasaki 5⅞ 98	8/81	229	79¾	81¼	−1⅝	28.07
Kumagai Gumi 6½ 97	10/82	490	112	113½	−0⅝	0.28
Kyowa Hakko 6¼ 97	2/83	782	102½	103¾	−0¼	7.89
Marui 6 98	7/81	789.5	124⅝	126⅛	−0⅝	4.31
Minolta Camera 5 96	10/81	826.4	81⅜	82⅜	−2¾	30.82
Mitsubishi Electric 5¾ 98	6/83	396	96¼	97¼	–	1.46
Murata 5½ 98	7/81	1714	111¾	113⅛	−2½	0.18
Nippon Electric 5½ 97	2/82	765.9	129	130⅛	−2½	3.73
Nippon Oil Co 6½ 98	4/83	984	101⅛	102⅛	−1⅞	0.89
Nissan Motor 5¼ 98	4/83	770	94¾	96	−1⅛	−1.24
Olympus Optical 6⅞ 97	12/82	1331	94⅝	95⅞	−1⅛	4.57
Orient Finance 5¼ 97	3/82	827.2	105¼	106⅞	−2¼	1.58
Sumitomo Electric 5½ 97	3/82	577.3	98	99½	−2	−3.03
Sumitomo Metal 5¼ 96	10/81	296.1	76¼	77¾	−1⅛	42.42
NEC Corp 3½ 93 SF	6/83	978	100	100	–	5.90
Sanyo Electric 3½ 93 SF	5/83	581	101¾	103¼	−0½	9.05
Konishiroku 6⅛ 88 DM	6/82	818	111¾	112¾	+0½	6.31
Mitsubishi Heavy 0 88 DM	2/82	263	107⅝	108⅝	−0⅛	15.43
Sun Realty 6⅛ 92 DM	2/83	385	117⅛	118⅛	−0⅝	1.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cy. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	8	90	—	—	—	—	$436
GOLD C	$400	10	38.10	—	—	—	—	"
GOLD C	$425	71	18	1	34	—	—	"
GOLD C	$450	40	2	14	20	5	31.50 B	"
GOLD C	$475	110	0.10	12	10.10	14	21	"
GOLD C	$500	162	0.10	44	7.50	34	16	"
GOLD C	$550	—	—	80	2.50 A	8	7	"
GOLD P	$400	—	—	—	—	1	7.50	"
GOLD P	$425	169	1.50	8	10 B	—	—	"
GOLD P	$450	4	14	3	21 B	8	27 B	"
GOLD P	$475	28	37 B	—	—	—	—	"
		June		Sept.		Dec.		
SILV C	F.10	2	3.20	—	—	—	—	F12.92
SILV C	F.11	—	—	10	2.80	—	—	"
SILV C	F.12	—	—	10	1.90 A	30	8.60	"
SILV C	F.13	—	—	10	1.35	30	1.81	"
SILV P	F.11	1	0.30 A	40	0.50	8	0.60	"
SILV P	F.12	—	—	14	0.70	4	1.10	"
SILV P	F.13	—	—	3	0.90	3	1.50	"
		July		Oct.		Jan.		
AKZO C	F.30	5	36.50	—	—	—	—	F.65.70
AKZO C	F.40	—	—	25	26.40 A	—	—	"
AKZO C	F.45	15	21	66	21.40	—	—	"
AKZO C	F.50	39	15.50 A	41	16	—	—	"
AKZO C	F.55	165	10.70	82	11.80	48	10	"
AKZO C	F.60	815	6.50	119	8.30 A	45	11	"
AKZO C	F.65	199	3	105	5.80	78	6.50	"
AKZO P	F.40	8	0.30	—	—	—	—	"
AKZO P	F.45	8	0.40	—	—	—	—	"
AKZO P	F.50	95	0.60	26	1.40	—	—	"
AKZO P	F.55	63	1	18	2.70	14	4.60	"
AKZO P	F.60	531	3	18	4.60	7	7	"
AKZO P	F.65	83	5	4	7.30	—	—	"
KLM C	F.130	10	17.50	—	—	—	—	F.146
KLM C	F.140	29	13.50	—	—	—	—	"
KLM C	F.150	28	7.50 A	—	—	—	—	"
KLM C	F.160	15	4.30	1	7.60 A	—	—	"
KLM C	F.170	11	2.50	—	—	—	—	"
KLM P	F.120	25	1.60	—	—	—	—	"
KLM P	F.130	40	5 B	—	—	—	—	"
KLM P	F.140	35	7	10	11.40	—	—	"
KLM P	F.150	17	11 B	2	10.50 B	—	—	"
PHIL C	F.30	3	16.70 A	—	—	—	—	F.46.30
PHIL C	F.32.50	—	—	80	15.20 A	—	—	"
PHIL C	F.35	25	11.70	12	12.70	—	—	"
PHIL C	F.40	604	7.30	62	8.90	—	—	"
PHIL C	F.45	221	4.10	71	8 A	73	7.50	"
PHIL C	F.50	1082	0.40	306	4.40	156	5.50	"
PHIL P	F.35	8	0.20 B	10	0.60	—	—	"
PHIL P	F.40	104	0.90	60	1.40	100	2.60	"
PHIL P	F.45	101	2.40	148	3.60	8	4	"
PHIL P	F.50	231	5	130	5.60	8	6.70	"
RD C	F.90	3	30.50 A	—	—	—	—	F.120
RD C	F.100	47	20	12	20.70	—	—	"
RD C	F.110	297	10.80	56	11.90 A	3	14	"
RD C	F.120	514	4.60	287	6.70	110	8.20 A	"
RD C	F.130	178	1.80	153	4 A	10	6.60	"
RD P	F.100	—	—	37	2.60	—	—	"
RD P	F.110	60	2.50	21	8	—	—	"
RD P	F.120	17	7	8	11 B	—	—	"
UNIL C	F.180	—	—	4	18	—	—	F.200
UNIL C	F.200	89	8	36	11	—	—	"
UNIL C	F.220	108	2.20	92	4.10	—	—	"
UNIL C	F.240	187	0.90	69	0.60	—	—	"
UNIL P	F.220	—	—	8	7 B	—	—	"
		May		Aug.		Nov.		
12¾ NL 81 87-91								
C	F.125	—	—	100	4.70 A	—	—	F.128.90
C	F.130	—	—	60	1.50	—	—	"
P	F.125	—	—	300	0.00	—	—	"
P	F.127.50	125	0.60	—	—	—	—	"
7½ NL 83 87-90								
C	F.97.50	—	—	—	—	4	28	F.98.80
P	F.100	470	—	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 12,648

A=Asked B=Bid C=Call P=Put

Two U.S. groups launch Eurodollar convertibles

BY MARY ANN SIEGHART IN LONDON

TWO convertibles were launched on the Eurodollar bond market yesterday amid consternation over U.S. money supply figures.

Amedco, the U.S. health products manufacturer is raising $20m through an issue jointly led by Morgan Grenfell and Shearson/American Express. Although the terms have not yet been finalised the fifteen year bond is expected to carry a coupon of about 7½ per cent and a conversion premium of around 12½ per cent.

The Electronic Mail Corporation of America (EMCA) came to the market with a pioneering device – a zero coupoo coovertible. The amount is $15m, with a $5m tap and an issue price of 98½. The seven-year bond will be secured – which is unusual in the Eurobond market – by Morgan Guaranty Trust Company of New York. Bank Gutzwiller, Kurz, Bungener is the lead-manager.

Honda's $100m, 15-year, convertible has been priced at 5¼ per cent, as indicated, by Nikko Securities. The conversion premium is 4 per cent over last night's closing price of Y850.

Prices in the dollar secondary market fell about ¼ point on the back of a weak New York market. Dealers expressed consternation about the greater than expected rises in the U.S.'s M1 measure of money supply.

Renault is raising DM 150m on the German market through a seven-year, eight per cent bood at par led by Deutsche Bank. The issue was well received.

Pakistan seeks $225m loan

BY OUR EUROMARKETS STAFF

PAKISTAN has approached the Eurocredit market for a $225m syndicated loan. Bank of America and Lloyds Bank International are competing to form a lead management group for the loan.

The loan is thought to be divided into three parts: a $90m, two-year portioo at ⅝ point over the London interbank offered rate; a $75m, three-year tranche at ¾ point over Libor and a four-year, $60m portion paying 1 point over Libor. Pakistan is expected to offer a ⅝ per cent management fee.

The money will go towards financing imports, according to Mr Ghulam Ishaq Khan, Pakistan's Finance Minister. He also said Pakistan's current account deficit for the fiscal year beginning this July has been estimated at $1bn, compared with about $850m to $900m in the current year.

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§68	F.P.	20/5	103	90	✠Bensons Crisps 10p	90	.....	g1.9	3.1	3.0	11.9
¶280	F.P.	17/6	310	303	Bosse Massimi Pollitt	303	−5	b4.5	2.6	2.0	29.0
§110	F.P.	3/6	150	130	✠Bryant (Derek) 10p	130	.....	u5.20	3.0	5.8	11.7
118	F.P.	—	128	118	✠Chem.Meth.Ass Inc	120	.....	bq5.0	0.6	6.1	12.6
¶220	F.P.	6/5	263	220	Datastream 5p	225	+3	b2.25	3.3	1.4	28.0
‖	F.P.	—	80	65	Don Bros., Buist	72	.....	b3.5	2.0	6.9	6.1
§14½	F.P.	31/5	15	14	Edmond Hldgs. 10p	14	.....	b1.0	1.1	10.2	12.7
§567	F.P.	—	625	600	Int'l Income Property	600	.....	Q80c	—	8.9	—
‖	F.P.	—	60	34	✠IntervisionVideo10p	40	−2	1.0	2.1	3.4	18.8
§20	F.P.	20/5	135	110	✠Lorin Elect. 20p	118	.....	b1.0	5.0	1.0	10.7
§30	F.P.	10/5	45½	38½	MCD	40½	+½	u1.0	2.2	3.5	18.5
§70	F.P.	15/6	82	75	✠Mallerware 10p	78	−2	u2.52	2.3	4.0	13.4
§94	F.P.	20/5	156	140	✠Microlease 10p	155	.....	ud2.0	2.5	1.8	24.6
§60	F.P.	27/5	143	113	✠Miss World Grp. 10p	113	−2	b3.0	2.0	3.8	15.3
¶¶85	F.P.	16/5	83	65	✠Mnemos 10	65	.....	—	—	—	—
¶350	F.P.	27/5	368	348	Octopus Publish. 20p	355	−2	r8.0	2.3	3.2	18.8
§£48	F.P.	—	£67	£59	Perstorp AB Free 'B'	£59½	+¼	Q0.84%	0.9	0.7	26.0
‖	F.P.	—	37	27	✠Rivlin I. O. & S. 5p	35	.....	F0.1	—	0.4	—
§154	F.P.	27/5	160	100	✠Securiguard 5p	130	.....	b1.75	2.6	1.9	28.1
§105	F.P.	10/6	150	120	✠Spring Ram 10p	122	.....	u3.0	2.0	0.5	14.8
§47	F.P.	3/6	80	63	✠Strikes Rests. 10p	63	.....	g1.35	0.5	3.1	13.2

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
¶¶100p	Nil	18/5	12ppm	7ppm	✠Booth 10% Con. Uns. Ln. 1990	5ppm	−2½
—	£20	28/10	20½	19¼	Bristol 11½ pc Red. 2018	19½	.....
—	£25	26/8	25	24½	Brixton Est. 11¾pc Deb	24½	.....
‡100p	F.P.	12/5	112p	111p	East'n Prod. 10½% Con. Ln. 1997-2002	112p	.....
¶101	£10	26/7	12	11¼	Folkestone Water 7% Pref. 1988	11¼	.....
—	—	—	100⅛	100	Nationwide B. S. 10⅛% Bds. 30/4/84	100⅛	.....
§100	£25	7/7	23	21½	N'castle&G'headWater11½%RdDb2004	23	+½
**	F.P.	24/5	102	99¾	NewThrogm'rt'n Tst. (83) 12.8% 2008	100	.....
93.89	£30	15/9	30½	29½	New Zealand 11¼% 2008	29½	.....
99.765	F.P.	17/6	99¾	99½	Securities Tst of Scot. 12% 2003	99½	.....
‖	F.P.	12/5	112p	96½p	Tomatin Dist. 7pc Cnv. Pref.	98	+1
§98.571	£25	31/8	24	22½	Trafford Park Est. 11¾% 2007/11	22½	.....
100p	F.P.	18/5	112p	104p	Wellman Eng. 10% Irr. Pref.	104p	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
86	Nil	20/5	17/6	14pm	4pm	Anvil Pet. 20p	4pm	−1
A$3.80	Nil	—	—	83pm	70pm	CRA	73pm	−3
42	F.P.	—	6/6	58pm	42pm	Combined Tech. 10p	48	.....
85	F.P.	—	3/6	124	111	Dubilier 5p	117	.....
125	Nil	—	17/6	25pm	18pm	EIS	18pm	+2
14	Nil	18/5	01/6	1½pm	½pm	Edmond Hlds. 10p	1pm	.....
155	Nil	—	10/6	66pm	36pm	Electro Protective 20.05	36pm	.....
145	Nil	20/5	1/6	21pm	8pm	GKN £1	11pm	+5
146	Nil	—	22/6	11pm	7pm	Hawley Grp.	10pm	+1
100	Nil	—	17/6	44pm	34pm	Mellins 5p	44pm	.....
290	F.P.	6/5	10/6	365	345	Mills & Allen	345	.....
45	Nil	—	—	2pm	2pm	Myson Group 10p	2pm	.....
1.25	Nil	10/6	24/6	17½pm	14pm	Norton (W.E.) 1p	17½pm	+1½
150	Nil	—	17/6	12½pm	10pm	Rightwise 10p	10pm	.....
—	F.P.	8/6	3/6	32	15½	Sheffield Brick	32	+6
178	Nil	—	21/6	24pm	10pm	Spirax-Sarco	10pm	.....
390	F.P.	—	10/6	452	430	Standard Chartered Bank£1	438	−2
140	F.P.	—	—	280	245	Warehouse Gp.	280	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ✠ Effective issue price after scrip. † Formerly dealt in under special rule.

SECTION III CONTENTS

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday May 17 1983

ØØ

Aluminium price reaches record levels, Page 27

WALL STREET

Equities hit by money supply news

SHARE PRICES on Wall Street reacted sharply yesterday to the announcemant, after market hours on Friday, of another substantial increase in the M 1 money supply, *writes Terry Byland in New York.*

The $4.2bn rise in M1 last week undermined the market'a hopes of a continued easing in credit attitudes at the Federal Reserve Board and, in particular, the hope that this week's meeting of the Open Market Committee might decide to cut the discount rate.

The Dow Jones Industrial Average fell below the 1,200 level at first and after several attempts to rally closed at 1,202.98, a loss of 15.77 on a turnover of 72.8m.

The discomfiture of the credit markets was completed by the opinion expressed by Dr Henry Kaufmann that interest rates are unlikely to fall any further at present.

Treasury Bill yields, which had risen sharply in late trading on Friday, added a further one or two basis points, while prices for longer-dated government bonds fell by ½ to ¾ of a point.

The strongest reaction came in the equity market, which had closed for business before Friday's announcement reached Wall Street.

Share prices spiralled downwards in heavy trading in the first hour and remained depressed for the rest of the session although turnover died away in the afternoon.

The early selling chiefly affected the market leaders. By mid-session, a few bargain bunters had begun to pick up lines of these major stocks.

General Motors shed $¾ to $69½ and Ford was $⅝ off at $50⅝. American Motors continued to give ground, falling by $⅛ to $9⅞, bnt Chrysler, which looked uncertain last week while the question of the share warrants granted to the Government was under review, rallied from an early fall to stand at $27¼, only $⅝ down.

General Electric, one of the most favoured stocks of the past few weeks, lost $⅝ to $109¼, United Technologies shed $1¼ to $71, while AT & T was $⅝ off at $66⅞. International Harvester at $10½ was $⅜ off and Deere at $38⅛ lost $⅝.

Sears Roebuck, which disclosed further developments in its financial services divisions, shed $¼ to $40¼. There was a drop of $3⅛ in shares in JC Penney following announcement of the latest trading results.

In the credit markets, the Federal funds rate crept up from 8½ per cent at the opening to 8⅝ per cent, despite $1.2bn in customer repurchases by the Federal Reserve.

Three-month Treasury Bills were at a discount of 8.13 per cent unchanged from Friday's late quotations but a shade below yesterday's mid-session quotations. Six-month bills stood at 8.17 per cent, three basis points up on Friday's final levels.

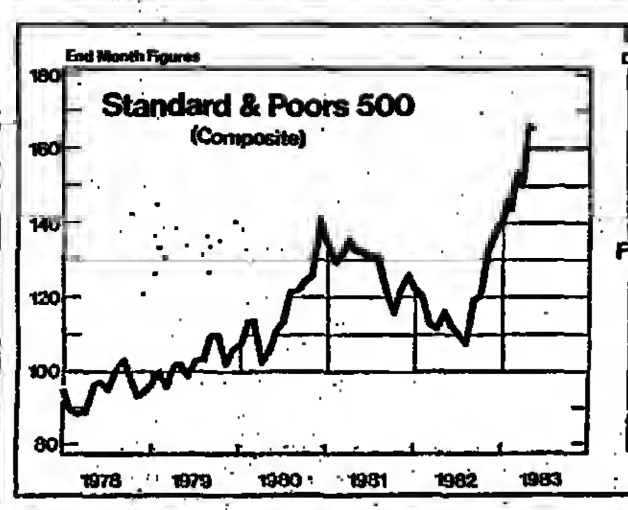
In the government bond market, prices of short-dated issues, which had more fully discounted the implications of the rise in money supply, held steady.

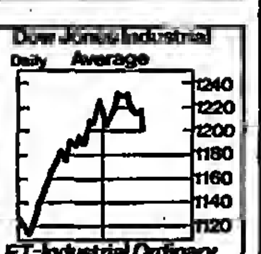
But at the longer end there was a good deal of adjustment, and the benchmark long bond, the 10⅜ per cent of 2,012, finally stood at 98½ compared with Friday night's 99¹¹⁄₃₂.

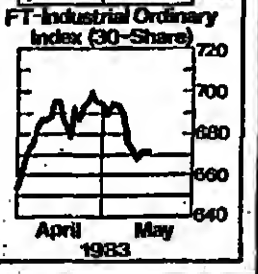
Municipal bonds slipped by as much as two points in thin trading. Today hrings an important pricing, for a $590m bond from New York State Power Authority. The market was unchanged following postponement by the Federal Home Loan Bank Board of its proposed $1.1bn financing. Corporate bonds headed lower but saw little business.

Mirroring sentiment to the south, Canadian stocks generally moved lower. Toronto recoiled with declines in all major indices with golds, oils, properties and financial groups setting the pace. Montreal stocks also sustained marked, but not as severe, falls.

KEY MARKET MONITORS







STOCK MARKET INDICES

	May 16	Previous	Year ago
NEW YORK			
DJ Industrials	1202.98	1218.75	857.78
DJ Transport	540.18	547.89	350.84
DJ Utilities	128.78	129.61	115.57
S&P Composite	163.40	164.9	118.01
LONDON			
FT Ind Ord	671.1	671.7	575.8
FT-A All-share	419.15	417.91	332.73
FT-A 500	454.13	452.94	362.32
FT-A Ind	419.32	418.44	328.79
FT Gold mines	677.8	670.4	236.4
FT Govt secs	80.61	80.69	69.34
TOKYO			
Nikkei-Dow	8591.79	8627.11	7575.81
Tokyo SE	629.12	630.74	560.73
AUSTRALIA			
All Ord.	603.9	614.3	519.5
Metals & Mins.	533.8	546.9	379.8
AUSTRIA			
Credit Aktien	58.1	58.56	52.36
BELGIUM			
Belgian SE	122.4	122.59	94.61
CANADA			
Toronto Composite	2,409.8	2443.9	1564.8
Montreal Industrials	417.85	422.48	288.19
Combined	402.39	406.67	270.52
DENMARK			
Copenhagen SE	143.82	143.75	93.21
FRANCE			
CAC Gen	126.1	125.5	110.6
Ind. Tendance	129.2	130.4	123.5
WEST GERMANY			
FAZ-Aktien	N/A	311.09	231.01
Commerzbank	915.2	931.3	704.2
HONG KONG			
Hang Seng	942.8	949.56	1367.53
ITALY			
Banca Comm.	186.7	188.63	183.81
NETHERLANDS			
ANP-CBS Gen	128.7	128.6	94.2
ANP-CBS Ind	106.8	106.4	73.9
NORWAY			
Oslo SE	194.24	191.75	111.0
SINGAPORE			
Straits Times	956.48	960.42	781.82
SOUTH AFRICA			
Golds	970.2	959.1	416.2
Industrials	932.9	929.1	588.1
SPAIN			
Madrid SE	115.32	115.32	123.4
SWEDEN			
J & P	517.42	1506.77	588.75
SWITZERLAND			
Swiss Bank Corp	323.0	325.8	260.4
WORLD	May 13	Prev	Yr ago
Capital Int'l	178.2	178.1	139.6

GOLD (per ounce)

	May 16	Prev
London	$437.75	$441.75
Frankfurt	$436.50	$441.00
Zürich	$436.50	$441.50
Paris (fixing)	$440.82	$438.06
New York (May)	$438.60	$441.20

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR May 16	U.S. DOLLAR Previous	STERLING May 16	STERLING Previous
£	1.5585	1.5670	–	–
DM	2.4615	2.4440	3.84	3.8325
Yen	233.20	231.90	363.75	363.5
FFr	7.4125	7.3600	11.55	11.5325
SwFr	2.0430	2.0240	3.1875	3.1750
Guilder	2.7685	2.7500	4.3175	4.3125
Lira	1464.5	1456	2282	2281
BFr	49.18	48.74	76.65	76.40
C$	1.22925	1.22725	1.9145	1.9225

INTEREST RATES

	May 16	Prev
Euro-currencies (three month offered rate)		
£	10⅛	10⅛
SwFr	4¾	4¾
DM	4¹⁵⁄₁₆	5¹⁄₁₆
FFr	12¾	13¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9¹⁄₁₆	8¹⁵⁄₁₆
6-month U.S.$	9⅜	9
U.S. Fed Funds	8⅝	8⅝
U.S. 3-month CDs	8.60	8.5
U.S. 3-month T-bills	8.15	8.01

U.S. Treasury Bonds

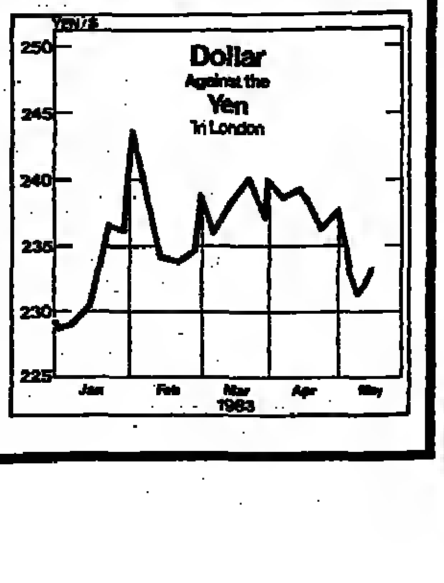
	May 16 Price	May 16 Yield	Prev Price	Prev Yield
9½ 1985	100⁵⁄₃₂*	9.45	100⁶⁄₃₂	9.38
10⅜ 1990	101¹⁹⁄₃₂*	10.30	101²⁷⁄₃₂	10.16
10⅜ 1993	98¹⁴⁄₃₂	10.38	99⁸⁄₃₂	10.25
10⅜ 2012	98²⁰⁄₃₂	10.53	99²⁰⁄₃₂	10.42

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	77–17	78–06	77–16	78–24
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.83	91.87	91.80	92.02
Cert Deposit (IMM) $1m points of 100%				
June	91.40	91.49	91.41	91.62
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.15	91.17	91.13	91.30
20-year Notional Gilt £50,000 32nds of 100%				
June	104–00	104–00	101–31	103–29

LONDON COMMODITY MARKETS

	May 16	Prev
Silver (spot fixing)	829.30p	823.65p
Copper (cash)	£1139.00	£1147.00
Coffee (May)	£2005.00	£1956.50
Oil (spot Arabian light)	$28.32	$28.55



LONDON

Marginally negative response

POLITICAL uncertainties dominated London markets yesterday and resulted in a further low level of trading. Genuine investment interest remained insignificant, but the underlying equity tone held steady to firm until Wall Street's setback, prompted by last week's sharp increase in money growth, took the shine off a bright performance by leading London shares.

Good six-month results from Grand Metropolitan, up to 342p before softening to close 7p higher at 325p, helped to colour a drab day. Similarly, covering of positions by traded option dealers, who experienced a record trade, created interest for selected equity leaders.

The Financial Times Industrial Ordinary share index held a midday gain of 2.8 until the effects of Wall Street became more apparent and the index closed 0.6 down on the day at 671.1.

Last week's two bid favourites, London Brick and Bowater, came back smartly to show falls of 4p and 8p respectively. Elsewhere, Unilever eased 15p to 740p following disappointment with the first-quarter figures.

U.S. interest rate fears and UK political uncertainties dampened early sentiment in gilt-edged. Dealers lowered quotations at the outset by around ½ at the longer end of the market, but a subsequent rally reduced the falls to only ⅛ at the close of business. Movements in the shorts were less severe, being restricted to ⅛ either way.

Mining markets began the week on a relatively quiet note. South African golds initially made good progress, but subsequently drifted to close with only minor gains as the bullion price fell $4 at $437.75 an ounce.

Among the heavyweights Southvaal attracted a persistent interest and moved up £1⅛ to a 1983 high of $44⅞, while gains of £¾ were common to Vaal Reefs, £79¾ and Libanon, £29⅞.

A easier tone to base-metal prices on the London Metal Exchange led to small selling of London financials wbere Charter dipped 3p to 245p and RTZ closed a fraction easier at 577p.

Share information service. Pages 28–29.

AUSTRALIA

Resources slip

WORRIES over the Government economic statement due on Thursday, coupled with the steadily increasing value of the Australian dollar, resulted in extremely nervous trading and a sharp decline in Sydney share values yesterday. The All Ordinaries index closed at 603.9, down from 614.3 on Friday.

The market was also unsettled by Friday's sudden collapse of Trustees Executors and Agency Company (Tea), the country's oldest estate administration concern, because of property losses. Tea manages funds of more than A$700m as trustee.

Resource stocks were among the major losers in a broadly-based downturn, and golds eased despite higher world bullion prices. The All Resources index shed 13.8 to 479.7, while the All Industrials slipped 6.3 to 758.2.

SOUTH AFRICA

Golds firmer

GOLDS ended mostly firmer in Johannesburg after initial weakness, despite the retreat of the bullion price from near $440.

Among heavyweights, Durban finished 150 cents ahead at R44.50 after opening R1 down, while President Brand firmed R1 to R57 after R55.

Platinums were mixed: Impala hit a 1983 high after adding 20 cents to R14.30, but Rusplat shed 5 cents to R10.15. In industrials, Barlow Rand quickly regained a 10 cent loss to close steady at R13.50.

FAR EAST

Stronger $ stifles trading

SLUGGISH trading and absence of any positive motivation sent Tokyo stocks into a steady decline throughout yesterday. The Nikkei Dow Jones index fell 35.32 points to 8,591.79.

Domestic investors were discouraged by the yen's fall against the dollar and expectations of a rise in U.S. interest rates following the latest U.S. money supply figures. Foreign buying was patchy as usual at the beginning of the week.

International favourites led the downturn in sporadic selling, followed by construction, electrical and engineering issues. Sony fell Y80 to Y3,610, TDK Y70 to Y4,770, Hitachi Y5 to Y783, Toshiba Y5 to Y339, Toyota Y10 to Y1,140 and Fuji Photo Y30 to Y1,790.

Robot-related issues firmed on news that Dainichi Kiko – not a listed company – had concluded a tie-up with UK and French groups. Yasukawa Electric put on Y9 to Y459 following similar news of foreign deals.

Among other bright spots were Mitsubishi Metal, up Y15 to Y448, Atsugi Nylon, up Y6 to Y280, Kyocera up Y90 to Y5,750 and Honda Motor, Y22 ahead at Y850.

Government bond prices turned down as the yen weakened further against the dollar, with the long-term 8 per cent issue marked down to yield 7.68 per cent, up from 7.61 per cent on Friday.

Trading was also thin and featureless in Hong Kong, where investors remained on the sidelines to await overseas reaction to the rise in U.S. money supply. Stocks closed mainly easier, and the Hang Seng index was off 6.76 points at 942.80 at the close.

Leaders were mostly lower: Cheung Kong fell 20 cents to HK$8.20, Hutchison Whampoa 30 cents to HK$12.10 and Jardine Matheson the same amount to HK$13.10.

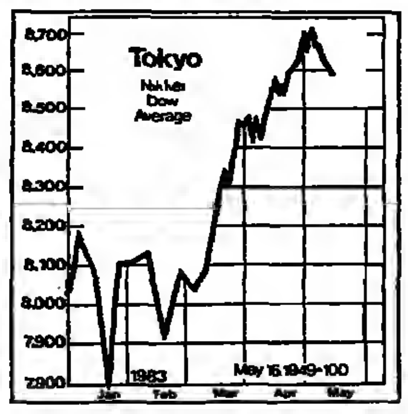
Wing On eased 5 cents to HK$1.50 after announcing lower 1982 profits, while Swire Properties and Wheelock Marden A shed a similar amount to HK$5.35 and HK$3.15.

JF Special Holdings was suspended pending a statement from the company.

In Singapore, stocks closed narrowly mixed after fluctuating throughout the day on buying support and profit taking. Trading was moderate.

Gainers included Jacks International, up 30 cents to S$7.50, Metro, 50 cents to S$11.10, Pan Malaysian Cement, 20 cents to S$7.35, Public Bank, 20 cents to S$9.90, and Hong Leong Credit 15 cents to S$5.55.

Among losers, Development Bank shed 40 cents to S$9.55 and Hong Leong Finance 12 cents to S$4.82.



EUROPE

A depressing cue from New York

THE PROSPECT of an end to the downward path of interest rates raised by Friday's sharply higher U.S. money supply figures bad a depressing effect on most European bourses. The increasing strength of the dollar also helped drive investors from the markets.

In Frankfurt, selling was fairly brisk as investors sensed an end to the three-month rally in equities, although profit taking was only moderate. The Commerzbank index, which is calculated at midsession, was off 15.1 at 915.2, reflecting particular weakness among electricals, banks, chemicals and stores.

Schering's announcement of mixed prospects last week continued to affect other chemical stocks. Hoechst shed DM 3.90 to DM 139.70, Bayer DM 1.90 to DM 135.30 and BASF DM 3.40 to DM 140.60. Schering itself lost DM 10 to DM 333.

In banks, Dresdner – ex a DM 4 divideod – lost DM 8.50 to DM 178, Commerzbank DM 7.20 to DM 168 and Deutsche DM 5 to DM 327.

Domestic bond prices lost up to 0.6 points and the Bundesbank bought DM 185.9m of public paper against DM 49.1m on Friday.

In Amsterdam most stocks eased from mixed opening levels in quiet trading.

Lower first quarter profits cost Unilever Fl 6 to Fl 200, and other Dutch internationals lost ground in sympathy, with Royal Dutch Shell down Fl 1.20 to Fl 119.80 and Philips off Fl 1 at Fl 46.30.

Banks, financials and leading industrials bore the brunt of widespread selling in Zurich, where the fear of higher U.S. interest rates dampened sentiment. Prices drifted lower in light volume.

Union Bank shed SwFr 50 to SwFr 3,225. In financiols, Mövenpick lost SwFr 165 to SwFr 3,125 and Sika Finanz SwFr 105 to SwFr 2,900.

The renewed strength of the dollar against the French franc discouraged buyers in Paris and sparked fears that the Government may be forced to tighten its current austerity programme. Trade was moderately active, though, as investors sought to consolidate recent gains. Prices closed mixed to easier.

Holding company stocks were the cbief losers in Brussels, where active trading following the four-day Ascension holiday took prices broadly lower.

Profit taking cost Société Générale BFr 40 at BFr 1,705, Sofina BFr 25 at BFr 4,785; and Cobepa BFr 100 at BFr 2,580. Bruxelles Lambert added BFr 5 to BFr 1,925.

Chemicals were mixed, with Gevaert losing BFr 85 at BFr 2,115 and Solvay BFr 10 lower at BFr 2,740, while UCB put on BFr 75 to BFr 3,625.

Petrofina gained BFr 30 to BFr 5,470 but other oil shares were depressed, as in Cometra, down BFr 80 at BFr 2,275.

In Milan prices closed broadly lower after dealers reported some profit taking. Leading industrial and insurance issues were especially hard-hit.

Snia Viscosa was among the few issues to close higher as investors waited for a major capital increase due today.

Heavy trading took prices higher in Stockholm following the four-day break. Features were a SKr 50 jump to SKr 2,050 for pharmaceuticals company Astra and a fall of SKr 65 to SKr 530 in investment company Cardo.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅜	5¼	AAR	.44	3.2	21	99	14	13½	13¾	-¼
37¾	27½	ACF	2.76	7.5	15	132	37¼	36⅝	36⅝	-1⅛
20	12¾	AMF	.50	3.2		1042	16	15½	15⅝	-¼
30⅞	13¼	AMR Cp				2080	28½	27½	28	-¾
16⅞	4	AMR	wt			1192	14⅝	13¾	14¼	-¼
18⅝	12⅜	AMR	pf2.10	12.		38	17⅜	17¼	17⅜	-¼
35	24⅞	AMR	pf2.13	6.6		202	33½	32	32	-1⅛
8½	2½	APL				1107	u9⅜	8	9⅜	+1¼
53⅝	25¼	ARA	2.05	4.6	15	820	53⅛	51½	51¾	-1¼
78⅞	24½	ASA	3a	4.1		716	73¼	72½	73¼	-⅛
32⅞	13⅞	AVX	.32	1.1	47	147	29½	28⅞	28⅞	-¾
47½	27⅝	AbtLab	1	2.2	16	734	45	44½	44⅝	-½
30⅞	26½	AccoW	n.12e	.4	20	468	27¼	27	27	-¼
22⅛	15⅝	AcmeC	.40	1.9		62	21	20¾	20¾	-¼
13⅞	5¾	AcmeE	.32b	2.6	40	56	12¾	12½	12½	-⅜
18⅞	4⅜	AdmDg	.04	.2	15	118	18¼	18	18¼	-¼
17⅜	12½	AdaEx	1.73e	10.		105	17¼	16⅞	16⅞	-⅛
12¾	4⅜	AdmMl	.24	2.1	16	28	11¼	11⅛	11⅛	-¼
28	12⅞	Advest	s.16	.6	12	149	26⅝	25	25¼	-⅜
46⅝	12	AMD	s		58	1470	46⅛	45	45¼	-⅞
44½	32⅞	AetnLf	2.64	6.3	6	1825	42	41⅛	42	+⅛
90	52¾	AetL	pf3.70e	6.4		108	58¼	57⅝	57⅞	-1⅛

Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
34¾	17¼	WeisM	s .56	1.7	15	39	32⅞	32½	32¾	
37⅞	16¼	WelsF	1.92	5.2	6	533	37	36½	36⅞	−⅛
49⅝	45¼	WelF	pf			290	48	46	48	+⅛
30	17⅛	WelFM	2.86	9.9	12	74	29¼	29	29¼	+⅛
19⅝	9½	Wendy	s .24	1.3	15	1052	18⅛	17⅞	18⅛	−⅛
27¼	12⅛	WestCo	.40	1.5	17	168	26⅞	25⅞	26⅛	−1
40½	31½	WPenP	pf4.50	11		z20	39½	39½	39½	
49	31¼	WstPtP	2	4.3	10	42	46½	45⅞	46⅝	−⅛
12⅞	9	WetefT	g1.04			9	11⅞	11⅛	11⅞	+⅛
7¼	3⅞	WnAirL				347	5⅝	5⅜	5½	−¼
18¼	8⅝	WAir	pf			4	14½	14¼	14¼	−⅛

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full

WORLD STOCK MARKETS

CANADA

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

ITALY

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

JAPAN (continued)

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (55)

BUILDING SOCIETIES (1)
Nationwide 11½pc 19.12.83

AMERICANS (6)
City Inv. Cum. Pf. — Sun Co. Inc.
GATX — TRW Inc.
Gulf Oil — U.S. Steel

CANADIANS (3)
Bow Valley — Seagram
Can. Pacific Ents.

BANKS (4)
First Nat. Fin. — Sec. Pacific Corp.
Joseph (Leo.) — Wells Fargo

BUILDINGS (3)
Baggeridge Brick — Gleeson (M. J.)
Gibbs & Dandy A

CHEMICALS (2)
Akzo N/V — Leigh Ints.

STORES (2)
Beattie (J.) A — Lincroft Kilgour

ELECTRICALS (3)
Micro Bus. Systems — United Scientific
Motorola

ENGINEERING (2)
Priest (Ben.) — Weeks Assoc.

INDUSTRIALS (4)
Amber Industrial — Francis Inds.
Brown Bov. Kent — London & Northern

INSURANCE (1)
Marsh & McLennan

LEISURE (1)
Saga Holidays

PAPERS (3)
Barrd — Waddington (J.)
Ogilvy & Mather

PROPERTY (2)
Land Lease — Westminster Country

SHIPPING (1)
Gotaas-Larsen

SOUTH AFRICANS (2)
Barlow Rand — Unisec

TEXTILES (2)
Foster (J.) — Smallshaw (R.)

TRUSTS (2)
Camellia Inv. — Greenfriar Inv.
F. & C. Ent. Tst.

OILS (1)
Ranger Oil

OVERSEAS TRADERS (1)
Borthwick (Thos.)

PLANTATIONS (3)
Anglo-Indonesian — Lawrie Plants.
Castlefield

MINES (5)
Grootvlei — Rand Mines Prop.
Elandsrand Gold — De Beers Defd.
Southvaal

NEW LOWS (21)

COMMONWEALTH & AFRICAN (1)
N.Z. 7½pc '83-86

BUILDING SOCIETIES (1)
Nationwide 13½pc 13.6.83

BREWERS (1)
Invergordon

STORES (2)
Courts A — Peters Stores

ELECTRICALS (1)
U.E.I.

ENGINEERING (1)
Greenbank Indl.

INDUSTRIALS (8)
Celestion — Lond. Private Health
Hayters — Triefus
Hunting Assoc. — Wolseley-Hughes
Lond. & Liverpool — Yorkgreen Inv.

INSURANCE (1)
American Gen. Corp.

PROPERTY (2)
Atlantic Met. Corp. — Parkdale Hldgs.

TEXTILES (1)
Muston Bros.

TOBACCOS (1)
Rothmans

OILS (1)
Berkeley Explrtn.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Arlen Elect.	295	−10
Belgrave (Blackheath)	138	−12
Bowater	182	−6
Fitch Lovell	142	+1
Grand Met.	335	+7
Lex Service	283	−6
Lond. & Liver. Trust	190	−40
London Brick	167	−4
Sotheby's	460	+23
United Scientific	423	+13

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Glaxo	37	855	+55
Arlen Elec.	16	305	−10
London Brick	15	171	+3
Plessey	15	617	+12
Shell Trans.	13	488	+2
Trident TV 'A'	12	84	—
BICC	11	260	+5
De Beers Dfd.	11	590	+1
Royal Ins.	11	502	−13
Scot. & Newc.	11	90	−3
Beecham	10	372	+2
Coats Patons	10	73	−3
Trans. Paper	10	49	−4
Lond. & Liver.	9	230	—

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. * Corrected figures for Monday 9 May.

RISES AND FALLS

	Rises	Falls	Same
British Funds	13	31	55
Corpns. Dom. & Foreign Bonds	5	16	50
Industrials	245	192	905
Financial & Props.	128	69	325
Oils	20	14	77
Plantations	4	8	10
Mines	59	25	72
Others	67	35	64

FINANCIAL TIMES STOCK INDICES

	May 16	May 13	May 12	May 11	May 10	May 9	year ago
Government Secs.	80.61	80.59	81.04	81.13	80.98	81.26	69.34
Fixed Interest	82.87	82.91	83.99	83.01	83.09	83.25	69.74
Industrial Ord.	671.1	671.7	668.6	672.5	676.7	690.2	373.8
Gold Mines	577.8	570.4	578.1	680.5	677.0	661.5	236.4
Ord. Div. Yield	4.57	4.56	4.72	4.57	4.56	4.55	6.56
Earnings, Yld.% (full)	9.17	9.16	9.57	9.27	9.20	9.28	11.14
P/E Ratio (net) (*)	13.58	13.62	13.21	13.55	13.45	13.71	10.96
Total bargains	16,646	14,045	13,683	20,768	22,433	21,041	16,947
Equity turnover £m.	—	161.16	168.48	217.06	243.13	206.69	111.36
Equity bargains	—	14,488	14,524	17,085	16,237	16,566	13,690
Shares traded (ml)	—	106.9	104.0	118.6	133.7	124.2	87.3

10 am 672.6. 11 am 673.3. Noon 674.8. 1 pm 674.5. 2 pm 674.5. 3 pm 674.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.60.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.73 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	699.0 (27/4)	598.4 (12/1)	699.0 (27/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.6 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 16	May 13
—Daily Gilt Edged Bargains	145.7	157.4
Equities Bargains	98.9	94.1
Value	566.1	340.4
5-day Avrge Gilt-Edged Bargains	166.5	169.7
Equities Bargains	108.7	119.5
Value	410.9	451.4

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

R-R-R

S-S-S

T-T-T

U-U-U

V-V-V

W-W-W

X-Y-Z

NEW YORK CLOSING PRICES

Continued from Page 25

X-Y-Z

COMMODITIES AND AGRICULTURE

Chinese buying rumours push aluminium to record levels

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM FUTURES reached record levels on the London Metal Exchange yesterday, following rumours of further Chinese buying interest.

But the three months quotation, after touching an all-time peak of £977 in early dealings, fell back during the rest of the day as profit-taking selling came in.

It closed at £971.25 a tonne, still £10.5 up on Friday, before sinking to £965 in late trading. The cash price closed £9 higher at £943.

Alcan Aluminium in New York confirmed to Reuter that the company had recently concluded a deal to sell aluminium to China, but claimed that the amount involved was much less than the 200,000 tonnes mentioned in market reports.

He noted that Alcan sold China 150,000 tonnes last year, some of which had yet to be delivered.

Also dampening the market's early enthusiasm was the easier trend in other metals following the downturn on Wall Street, and a hefty rise of 4,950 tonnes last week in aluminium stocks held in LME warehouses lifting total holdings to a record 271,725 tonnes.

Copper prices also came under pressure, as warehouse stocks rose once again by 1,800 to 320,950 tonnes, the highest level for 4½ years. The market was depressed, too, by disappointment over the U.S., money supply figures suggesting that a further cut in U.S. interest rates is now unlikely and the decline in gold.

Lead stocks jumped by 7,150 tonnes to another all-time peak of 177,550 tonnes and nickel stocks rose too by 276 to 15,954 tonnes.

The recent outflow in zinc stocks appears to have halted, with stocks unchanged at 89,425 tonnes. However, tin holdings dropped by 1,805 to 40,855 tonnes and LME silver stocks by 240,000 to 34,370,000 ounces.

Reuter reported from New York that contract negotiations between St Joe Minerals companies and workers at its Herculaneum, Missouri, lead smelter will resume today after progress was made during talks on Friday.

Teamsters Union spokesman, Mr Richard Schildknecht, said that workers agreed at the weekend to reconvene in two weeks to reappraise the negotiations.

The previous contract expired April 30, when workers rejected what the company called its final offer, but kept working.

Strong upward move in cocoa futures

By Our Commodities Staff

COCOA PRICES moved up strongly yesterday, with the London market rising by the permissible limit of £40 at one stage.

July futures closed at £1,339.5 a tonne, up from Friday's close of £1,303. The high for the day was £1,345.

The rise reflected the lower value of sterling against the dollar.

Prices were also boosted by reports from Itabuna, Brazil, that Bahia farmers are concerned that the lateness of the temporao crop will increase the possibility of pod rot during the coldest part of the year.

Uncertainty over possible crop damage in West Africa and unrest in Ghana also affected the market.

Raw sugar daily price reaches one-year high

BY OUR COMMODITIES STAFF

WORLD SUGAR prices rose strongly on the London terminal market yesterday. The London daily price for raw sugar was marked up by £6 to £142—its highest level for over a year—and the October futures position closed over £4 up at £163.1 a tonne.

The market was boosted by a Reuter report from Tokyo that South Africa has asked Japanese buyers to seek supplies elsewhere if the current drought continues. It is estimated that the South African crop may be hit so badly that it will be unable to meet its export commitments to regular customers including Japan, Canada and South Korea, who would have to seek alternative sources of supply.

Meanwhile, there is continuing concern over sugar crops in several other important producing areas, including the EEC, where heavy rains have delayed plantings and are likely to cut yields.

However, the British Sugar Corporation yesterday forecast an average UK crop this year in spite of the wet spring. The company said a few days of dry weather was needed to enable farmers to complete plantings, which so far covered 90 per cent of the planned area of 203,000 hectares.

On the London potato futures market the heavy rain over the weekend heightened fears about this year's crop and pushed prices still higher. The February position closed £3.9 up at £128.90 a tonne, after reaching a peak of £131.20

UK food export markets identified

By Richard Mooney

FOOD FROM BRITAIN, the umbrella organisation set up earlier this year to co-ordinate the marketing and promotion of British-produced food, has identified the Benelux countries and France, West Germany and the U.S. as the most promising areas for export drives.

It has issued lists of proposed priority markets and product sectors for discussion with all sectors of the UK food industry and aims to arrive at final priority lists in six weeks' time.

In the UK itself it sees best prospects for improved market shares in processed products, breakfast cereals, meat, milk and dairy products, potatoes, poultry, tomatoes and top fruit, particularly apples.

On the export market it is tentatively proposing promotions for a wide variety of products ranging from lamb and bacon to jam and mustard.

● BRITISH FARMERS are planting trees quicker than they are chopping them down, the National Farmers' Union claims. In its publication Farming Focus, it says woodland acreage on UK farms has increased by 218,000 acres since 1973 to 704,000 acres.

● PROSPECTS FOR the copper mining and fabricating industries will be examined at a Metals Society conference entitled Copper '83 in London on November 1 and 2. The chairman will be Sir Monty Finniston.

● THAI MAIZE exports fell to 366,555 tonnes in January-March.

● SHEEP SHEARERS in New South Wales return to work tomorrow, ending their seven-week strike over wider cutting combs.

● THE Nonoc nickel refinery on the South east Philippine island of Mindanao will begin full production next month.

Buffer stock manager appointment delayed

BY WONG SULONG IN KUALA LUMPUR

MEMBERS OF the International Natural Rubber Organisation (Inro) are to meet again on September 13 in Kuala Lumpur to consider the appointment of a new buffer stock manager, following the failure to finalise the appointement at the Inro council session here over the weekend.

Mr Jack Riedl, an American, whose term was due to expire on June 15, has been asked to continue until September 15.

The consuming countries submitted only one candidate for the buffer stock manager post, Mr Robert Sanders, another American.

Producing countries said they were not disputing the unwritten agreement that consumers should provide the candidate for the buffer stock manager post, but wanted more candidates to allow a selection.

The other important subject — the producers' demand for an upward revision of the Inro's indicative prices, was not discussed in any detail.

This followed an undertaking by consumers that they would brief their governments and review the matter at the next council meeting.

Consumers pointed out that for any upward revision, the six-month average of the Daily Moving Indicator Price (DMIP) should not be below the reference price of 207.9 cents Malaysian/Singapore per kilo, and this requirement had not been met.

The Inro meeting also approved additional warehousing facilities in Thailand and Sri Lanka, thereby fully meeting all the criteria relating to warehousing of buffer stocks, which stood at more than 270,400 tonnes.

The meeting noted that since the rubber market was still fragile, the buffer stock manager should be cautious in his approach, particularly where selling was concerned, in order to avoid unnecessary disruption of the recovery.

The meeting also redistributed votes among members, after taking into account the latest import and export volumes of members, and the withdrawal of Turkey from the organisation.

The new votes, however, did not change the previous balance.

India lowers 15-year tea target

A FIFTEEN-YEAR development plan is being drawn up for tea, fixing the target at 950m kg by the year 2000, says a report from the Indian Tea Association.

This compares with the 1,400m kg that had been talked about as the minimum production that has to be achieved by the turn of the century to meet rising domestic and export demand adequately.

At a recent meeting in New Delhi between Government representatives and the industry, it was agreed that the lower figure would be the more feasible target to attain.

This lowering of sight may have been prompted by two considerations. First, the virtual stagnation in Indian production in recent years has set leading planters worrying about the viability of the industry in the context of ever-rising costs without matching increases in auction prices. Inadequate returns coupled with tighter bank credit conditions made it difficult for most gardens to get enough fertilisers and other inputs to raise productivity.

The second factor is that India's own internal consumption appears to have been slowing down, even in absolute terms. An assessment of export prospects both by the Unctad secretariat and the International Tea Committee does not envisage any dramatic improvement in the next five years. On the contrary, the short-term export projection points to a kind of stagnation over the next five years.

In terms of a five-year overall projection of both production and export of the Indian tea

P. C. Mahonti reports from Calcutta

industry (covering 1983-87), tea output would rise from 592m kg in 1983 to 609m kg in 1987, while exports would rise from 230m kg to 236m kg.

If this happens, India's share of the world tea market would actually go from 28.26 per cent to 27.34 per cent.

With such slow rates of growth in production domestic consumption and exports it would not be realistic to aim at targets more spectacular than 950m kg over the next 15 years, industry circles say.

Even with the lower production target, the investment projected is IR12.26bn or about IR820m annually.

Considering its financial debility caused by years of high taxation, the industry on its own will not be able to fund the programme without substantial external help. Public financial institutions are expected to provide part of the finance needed but not quite enough to bridge the gap between the expected contributions from the industry and the projected volume of investment.

A suggestion has therefore been made that the Government should explore possibilities of obtaining finance from the World Bank or any of its affiliates, especially the soft loan affiliate, International Development Association.

Some important people in the industry see distinct possibilities of World Bank assistance and that India should take all possible opportunities to develop its tea industry.

The Unctad secretariat and the International Tea Committee also make global projections for tea for 1983-87. Tea output is expected to rise for all producers in varying degrees, except Sri Lanka whose output is expected to go down from 229.9m kg to 215m kg. While China's and Kenya's production will rise at more than the average rate for all producers.

Kenya's output will rise to 143.3m kg from 123.9m kg.

Muldoon attacks subsidies on dairy products

By Richard Mooney

INCREASED EEC export subsidies on dairy products, agreed in Brussels last week, will not enable the Community to sell any more produce but will cost New Zealand $NZ100m a year, Mr Robert Muldoon, the NZ Prime Minister, said in London yesterday.

The decision was unjustified and ridiculous, he told a meeting of the London Chamber of Commerce and Industry. Lower EEC prices on export markets would simply force New Zealand suppliers to reduce their prices by the same amount.

The EEC should move away from the massive subsidation of agricultural exports, he said, and end the "economic lunacy" of maintaining the incomes of its inefficient part-time farmers.

Mr Muldoon said present levels of access for New Zealand butter and lamb were at an "irreducible minimum." His country had already been "cut to the bone," and could not take any more.

Meanwhile the world dairy market was being threatened by subsidised exports from the U.S., and EEC and elsewhere.

PRICE CHANGES

In tonnes unless stated otherwise	May 16 1983	+ or —	Month ago
Metals			
Aluminium	£880	......	£880
Free Mkt	$1465/1495	+15	$1380/880
Copper			
Cash h grade	£1138	—8	£1071
3 mths	£1168.70	—6.0	£1097.76
Cash Cathode	£1103	—7	£1057
3 months	£1133.20	—6.75	£1077.5
Gold troy oz	$437.75	—4	$441.0
Lead Cash	£278	—2.5	£295
3 months	£288.75	—2	£306.25
Nickel	£4626.5	......	£4833
Free mkt	230/260c	+7.5	210/240c
Palladium	$130.00	—1	$126.50
Platinum	£285.30	—0.90	£271.45
Quicksilver†	$225/235	......	$380/320
Silver troy oz	829.30p	+9.85	789.10p
3 mths	849.70p	+8.20	808.55p
Tin cash	£8617.5	—10	£8635
3 month	£8725	+12.5	£8582.0
Tungsten	$85.88	......	$81.18
Wolfsm 22.04 lb	$89/81	......	$89/91
Zinc Cash	£475	—4	£450.75
3 mths	£487.25	—3	£465
Producers	$750	......	$750

	May 16 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$625y	......	$590
Groundnut	$535y	—2.5	$490
Linseed Crude	£319y	—3	£328
Palm Malayan	$447.5x	+2.0	$417.5
Seeds			
Copra Phill	$430z	+10	$385
Soyabean (U.S.)	$255.5	+1.5	$250.5
Grains			
Barley Fut. Sep	£110.70	+0.05	£111.55
Maize	£147.50	+0.05	£146.00
Wheat Fut. Jul	£135.40	+0.25	£136.95
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£1380	+41	£1303
Fut. July	£1339.5	+35	£1267.5
Coffee Ft. July	£1686.5	+67	£1592
Cotton A. Index	81.90c	......	79.90c
Gas Oil June	$255.5	+4.5	$244.5
Rubber (kilo)	75p	—1	79p
Sugar (Raw)	£148yw	+6	£105
Woolt'ps 64s.	388p kilo	......	394p kilo

‡ Unquoted. x June. w July. y May-June. z June-July. † Per 76lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —

CRUDE OIL—FOB ($ per barrel)

GAS OIL FUTURES

Prices opened slightly higher but dipped back to the lows in desultory trading. The market steadied towards mid-day finding strength on the New York opening and remaining steady through the afternoon, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done

BRITISH COMMODITY MARKETS

BASE METALS

ALUMINIUM PRICES surged ahead on the London Metal Exchange with three months metal touching £977 in initial dealings before profit-taking pared the price to £966.5. COPPER traded at £1179 in early business but fell back to close at £1163.9 as Wall Street reacted to U.S. money supply figures.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1143.5-4	+2	1138.5-9.5	—8
3 months	1174-.0	+4.5	1168.5-8	—6.5
Settlem't	1144	+2	—	—
Cathodes				
Cash	1109-10	+7.5	1102.5-5.5	—7
3 months	1138-8	+6.25	1133-.5	—6.75
Settlem't	1110	+7.5	—	
U.S. Prod.	—	—	*84-87	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1144.00, three months £1174, 75, 74, 73, 71, 71.50, 73.50, 74. Cathodes: Three months £1136. Kerb: Higher Grade: Three months £1173.50, 73, 73.60, 74, 74.50, 75. Afternoon: Higher Grade: Three months

three months 854.0. Afternoon: three months 847.0, 48.0, 48.5. Kerb: untraded.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	829.30p	+5.85	828.25p	—8
3 months	849.70p	+6.20	848.25p	—8
6 months	870.35p	+6.55	—	......
12months	907.76p	+7.05	—	......

Silver was fixed 5.65p an ounce higher for spot delivery in the London bullion market yesterday at 829.3p. U.S. equivalents of the fixing levels were: spot $12.966, up 8.8c; three-month $13.247, up 8.2c; six-month $13.534, up 8.3c; and 12-month $14.074, up 0.5c. The metal opened at 824½-826½p ($12.88-$12.92) and closed at 830½-832½ ($12.94-$12.98).

COCOA

After opening about £15 higher, as expected, futures advanced sharply during the afternoon and traded through limit-up to a fully steady close. Physicals attracted moderate interest from the producers but consumers remained sidelined, reports Gill and Duffus.

AMERICAN MARKETS

NEW YORK, May 16.

Disappointing money supply figures after the close on Friday were the principal negative force in the commodity markets. Early weakness in grains and soyabeans was brought about by professional and local traders who sold in anticipation of some drying weather early in the week; steady commission house buying triggered short-covering which resulted in moderate gains across the board. Other markets held up considerably better despite the money supply figures. Gold and silver, after early weakness, recovered to show slight losses as speculative suport developed in anticipation that some funds will move from stocks and bonds into hard assets. Copper was slightly lower on commission house liquidation in response to the stock market decline. Coffee was firm as technical chart points were breached along with buying ahead of the freeze season in Brazil. Cocoa was sharply higher on expectations that the late start to the temporao crop will leave the crop susceptible to pod rot. Sugar maintained a bullish trend on continued delays to European beet plantings. Cotton was sharply higher as plantings were hampered by heavy rains in the Delta. Strength to crude values due to a lay back of offers prompted good buying interest and short covering in heating oil reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1959	1900	1899	1890
July	1967	1976	1904	1898
Sept	1982	2001	1930	1926

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	High	Low	Prev
July	9.63	6.66	9.32	9.23
Sept	8.98	9.98	8.68	9.62
Oct	10.24	10.25	8.93	9.85

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99½	98⅞	Treasury 9¼pc '83	99½	....	9.27	10.31
102¼	100¼	Exch. 13½pc '83	101⅝xd	....	13.29	10.11
100½	98⅞	Exch. 10pc 1983	99½xd	+ 1/32	10.00	10.10
97⅛	96¼	Funding 5½pc '82-84‡‡	97	+ 1/16	5.66	10.18
101¼	99½	Exch. 11¼pc 1984	100	– 1/16	11.17	10.19
104⅜	102½	Exchequer 14pc 1984	103⅝xd	+ 1/16	13.52	10.19
94¼	92½	Exch. 3pc 1984	94¼xd	....	3.17	8.13
102½	100⅛	Treasury 12pc 1984	102¼	....	11.74	10.13
107½	105⅛	Treasury 15pc 1985	106⅞	+ 1/16	14.05	10.58
107	101⅛	Exch. 12pc Cnv. '85	103⅛	+ ¼	11.56	9.78
90⅞	88⅝	Treasury 3pc 1985	90⅝xd	....	3.31	8.14
102⅛	99⅛	Treasury 11½pc 1985	101	....	11.35	10.79
102	95	Treas 8¼pcCnv '85	96¼	....	9.04	10.32
103⅝	100⅛	Exch. 12¼pc 1985	102xd	....	11.90	10.87
102⅞	99	Exch. 11¾pc '86	101	....	11.53	10.89
88½	85⅝	Treasury 3pc 1986	86¼xd	....	5.46	8.04
67	66	Exch. 10½pcCv.'86 (£65pd)	66	– 1/16	10.51	10.51
103½	100	Treasury 12pc '86	102⅞xd	+ 1/16	11.66	10.88
97½	94⅝	Treasury 8½pc '84-86‡‡	95¼	– ⅛	8.92	10.30
112¼	103¾	Treas. 12¼pc '86 Cnv	109¼	– ⅛	11.21	0.83
109	105½	Exch. 14pc 1986	108	....	12.94	11.06
107	103⅝	Exch. 13¼pc 1987	106	....	12.48	11.11
84	81¼	Exchequer 2½pc 1987	81¼	....	3.08	8.38
100	95⅞	Exch. 10½pc 1987	98	....	10.67	10.98
99⅛	97¼	Exch. 10½pc 1987A	98¼	+ 1/16	10.69	11.04
93¼	89¼	Funding 6½pc '85-87‡‡	89¼	– ⅛	7.28	9.79
81⅞	81⅛	Treasury 3pc 1987	81¼	....	3.69	8.44
104⅝	99⅞	Treas. 12pc 1987	102⅝	+ 1/16	11.69	11.22
93¾	89⅜	Treasury 7¾pc '85-88‡‡	90	– 1/16	8.57	10.36
101½	95½	Exch 10½pc '88	97⅝xd	....	10.76	11.12
Five to Fifteen Years						
81½	75¼	Transport 3pc '78-88	78⅛	– ⅛	5.88	8.58
96½	90¼	Treas. 9½pc '88	93¼	– ¼	10.20	11.20
104⅝	95⅛	Treasury 11½pc 1989	101¼	....	11.60	11.70
60	59¾	Treas. 10½pc '89 (£60pd)	59¾	– ¼	11.06	11.67
83¾	77½	Treasury 5pc '86-89	78⅛	....	6.44	9.76
111⅛	103	Treasury 13pc 1990‡‡	110¼	....	12.28	11.60
108¼	101⅛	Exch. 12½pc 1990	105¼	– ⅛	12.10	11.76
92	86¼	Treasury 8¼pc '87-90‡‡	87¾xd	....	9.39	10.74
105¼	97	Treasury 11¾pc 1991	104¼	....	11.73	11.70
83	75⅞	Funding 5¾pc '87-91‡‡	77	– ⅛	7.51	10.12
103	95⅞	Exch. 11pc 1991	98¼	....	11.27	11.45
111¼	102	Treasury 12¾pc '92‡‡	110¼	....	12.01	11.58
98¼	88¼	Treasury 10pc 1992	95⅞	....	10.69	11.16
108¼	98½	Exch. 12¼pc '92	105⅞	– ⅛	11.88	11.68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Public Board and Ind.

77½	72½	Agric. Mt. 5pc '59-89	75¼	....	6.76	10.92
34¼	31¼	Met. Wtr. 3pc 'B'	34¼	....	8.91	11.61

LOANS—Continued

Financial

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Building Societies

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, H.P. & LEASING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3½	2	Bank Leumi	2½	....	—	—	—	—	—
165	130	Bk. Leumi (UK) £1	150	....	10.15	—	9.7	—	—

BANKS—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES AND SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING MACHINE TOOLS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
396	344	Initial	361		t10.75	2.5	4.3	11.2
45	27	Inter-City 20p	33	+1½				
180	158	[illegible]	175		t4.0	1.8	3.3	24.3
208	165	Jackson Bourne	173		5.0	3.1	4.1	11.2
28½	19	James Inds. 10p	25		1.25	♦	7.4	♦
160	119	Jardine M HK$5	120	−4	Q80c	♦	6.5	♦
34	18	Jenks & Cattell	31xd		1.06	♦	4.7	♦
348	282	Johnson-Chars.	298	+1	10.8	2.8	5.2	0.4
340	293	Johnson Mthy £1	315		10.0	1.9	4.5	[illegible]
337	228	Johnston Gp. 10p	337		6.0	5.0	2.6	11.2
102	87	Jourdan (T.) 10p	100		5.6	1.2	8.0	13.8
59	39	Kalamazoo 10p	52		2.5	0.9	6.9	23.3
210	140	Kelsey Inds.	170		8.0	1.7	6.7	11.7
140	110	Kershaw (A.) 5p	135		15.0	0.6	15.9	[illegible]
54	39	Kleen-E-Ze Hldgs.	53		t3.0	0.2	8.1	—
74	52	L.C.P. Hlds.	70	−1	3.6	0.6	3.3	[illegible]
136	203	L.R.C. Intl. 10p	121	+2	t3.1	2.0	3.7	20.4
30	17	Lamont Hldgs. 10p	28		1.3	1.8	6.6	11.0
37	26	Lawtex	35		—	—	—	—
410	350	Lep Group 10p	350		17.5	1.7	7.1	[illegible]
36	22	Lilleshall 10p	36	+1	d1.0	—	4.0	—
700	170	Lon. & Lv. 10p	190	−40	5.5	♦	4.2	♦
128½	102	London & Mid'd	124	+1	3.75	1.1	8.9	[illegible]
69½	55	Lon. & Nthn. Grp.	69½	+1½	t3.75	2.2	7.7	7.4
40	29	Lon. Priv. Health	29	−1	—	—	—	14.5
9½	7½	Long Hmbly. 10p	9½		—	—	—	—
65	46	Longton Inds.	52		1.0	—	2.7	—
110	78	Low & Bonar 50p	96		5.0	0.6	7.4	[illegible]
26	16	M.Y. Dart. 10p	19¼		0.1	—	0.7	—
212	138	McCarthy Pb. 20p	140		7.0	2.5	7.1	7.0
146	128	Macfarlane Gp.	141		3.52	2.1	3.6	17.2
46	41	Maclellan 20p	41		d1.5	1.6	5.4	14.4
63	48	Macpherson (D.)	59		4.2	0.6	10.2	[illegible]
54	41	Magnolia Group	51		2.3	3.2	6.4	6.0
180	65	Man. Ship Can. £1	150	−3	3.5	6.8	3.4	4.5
73	48	Marley	60		2.5	0.5	6.0	[illegible]
37½	30½	Marling Ind. 10p	35½		1.08	6.7	4.3	3.6
33	25	Marshall L'xy. 'A'	32		1.2	—	5.4	—
68	44	Marshall's Univ	54	+4	B—	—	—	♦
32½	23	Martin-Black	31		—	—	—	—
£130	£103	Mathesons 7½%	£110		Q7½%	2.3	7.2	—
210	154	Metal Box £1	185	+3	11.55	1.2	0.9	[illegible]

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh 50c	250		Q70c	♦	21.5
21	16	Wankie Col. Z$1	21		Q5c	0.7	14.0
28	10	Zam Cpr. SBD0 24	22		—	—	—

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	10	+1½	—	—	—
For Argosy Gld. Mines see Southern Ventures							
25	11	Balmoral Resources	20		—	—	—
60	42	♥Black Hill Mins	52		—	—	—
74	52	♥Bond Corp	58		Q010c	2.3	10.6
156	116	♥Bougainville	156		Q3.42c	1.2	13

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 27

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Money supply boosts dollar

The dollar was very firm on the foreign exchanges, reacting to Friday's U.S. money supply figures. The April M2 rise of $5.4bn was in line with market estimates, but the large rise in M3 and the weekly M1 figure dashed hopes of an early cut in Federal Reserve discount rate. It had been hoped that the Fed would act before the Williamsburg Summit, but the money supply statistics, and figures on U.S. economic growth, including Friday's industrial production figures, have led to a much more cautious attitude.

Sterling lost ground to the dollar, but was slightly firmer against other currencies, remaining underpinned by the large Conservative lead in the pre-election opinion polls.

DOLLAR — Trade-weighted index (Bank of England) 122.3 against 125.4 six months ago. The dollar has remained firm as recurring hopes of a steady reduction in the Federal Reserve discount rate have been consistently dashed. Signs of U.S. economic growth, and inconsistent money supply figures, again threaten to disappoint the market, which had been hoping for a lowering of the discount rate ahead of the Williamsburg Summit.

The dollar has climbed to DM 2.4615 from DM 2.4440 against the D-mark; to FFr 7.4125 from FFr 7.36 against the French franc; to SwFr 2.0430 from SwFr 2.0240 in terms of the Swiss franc; and to Y233.20 from Y231.90 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5421. Trade-weighted index 83.8 against 84.1 at noon, 84.0 at the opening, 83.9 at Friday's close, and 89.4 six months ago. Sterling has been much steadier of late, as oil price worries have faded into the background. Election nerves have left the pound looking vulnerable at times, but the large lead of the Conservatives in the opinion polls is acting as a sedative.

Sterling opened at $1.5620-1.5630, the highest level of the day, and fell to a low of $1.5570-1.5580 in the afternoon, before closing at $1.5580-1.5590, a fall of 85 points on the day. On the other hand the pound improved to DM 3.84 from DM 3.8325; to FFr 11.55 from FFr 11.5325; to SwFr 3.1875 from SwFr 3.1750; and to Y363.75 from Y363.50.

D-MARK — Trading range against the dollar in 1983 is 2.4350 to 2.3320. April average 2.4413. Trade weighted index 129.3 against 125.6 six months ago. The D-mark remained weak against its European partners for slightly over a month after the realignment of the system in late March, but with economic fundamentals continuing to favour the German currency, it is showing signs of renewed strength which may well pose further problems for the EMS later this year.

The dollar was fixed at DM 2.4593 at yesterday's fixing in Frankfurt up from DM 2.4483 on Friday. The U.S. unit was underpinned by a further rise in U.S. M1 money supply figures and indications of an upturn in the U.S. economy. This tended to downrate the need for a cut in U.S. interest rates. Elsewhere sterling rose to DM 3.844 from DM 3.834 and the Swiss franc was higher at DM 1.2068 compared with DM 1.2054.

DUTCH GUILDER — Trading range against the dollar in 1983 is 2.7775 to 2.5755. April average 2.7509. The guilder has been a little disappointing since the latest EMS realignment where it was effectively adjusted downwards against the D-mark. This has turned the spotlight on to the very high budget deficit being run, with a healthy current account surplus and low inflation failing to hold the guilder. It has recently touched a record low against the D-mark, prompting some central bank support and slightly firmer interest rates.

The guilder was mostly weaker at yesterday's fixing in Amsterdam. The dollar rose to Fl 2.7680 from Fl 2.7555 and sterling was higher at Fl 4.3250 compared with Fl 4.3140. Within the EMS the D-mark was fixed at Fl 1.1259 against Fl 1.1258 while the French franc slipped to Fl 37.35 per FFr 100 from Fl 37.44.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	45.1793	+1.82	+0.64	±1.5430
Danish Krone ...	8.04412	8.06518	+0.26	−0.93	±1.6419
German D-Mark	2.21615	2.26165	+2.10	+0.91	±1.0587
French Franc ...	6.79271	6.81724	+0.36	−0.83	±1.4018
Dutch Guilder ...	2.49587	2.54554	+1.99	+0.80	±1.4941
Irish Punt	0.71705	0.715946	−0.15	−1.34	±1.6696
Italian Lira	1386.78	1347.03	−2.87	−2.87	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 16	£	$		£ Note Rates
Argentina Peso...	191,841-191,241	77,560-77,010	Austria..........	26.05-27.25
Australia Dollar...	1.7585-1.7605	1.1285-1.1090	Belgium..........	76.75-77.60
Brazil Cruzeiro...	730.70-740.70	471.93-474.20	Denmark..........	13.63-13.70
Finland Markka...	8.4560-8.4818	5.4300-5.4320	France..........	11.52-11.62
Greek Drachma...	130.235-132.512	83.95-84.10	Germany..........	3.82½-3.86½
Hong Kong Dollar	10.82½-10.84½	6.9630-6.9680	Italy..........	2265-2290
Iran Rial........	159.70*	84.60*	Japan..........	364-369
Kuwait Dinar (KD)	0.4530-0.4540	0.2906-0.2907	Netherlands......	4.30½-4.34½
Luxembourg Fr...	76.60-76.70	49.17-49.19	Norway..........	11.06-11.10
Malaysia Dollar...	3.58-3.59	2.2995-2.3015	Portugal..........	147-170
New Zealand Dlr.	2.3465-2.3515	1.5060-1.5080	Spain..........	208¼-217¼
Saudi Arab. Riyal	5.3770-5.3880	3.4496-3.4518	Sweden..........	11.65-11.75
Singapore Dollar	3.2525-3.2625	2.0900-2.0920	Switzerland......	3.17-3.20
Sth. African Rand	1.6965-1.6945	1.0866-1.0878	United States....	1.55¼-1.57¼
U.A.E. Dirham...	5.7255-5.7345	3.6715-3.6735	Yugoslavia......	124-158

*Selling rates.

CURRENCY MOVEMENTS

May 16	Bank of England Index	Morgan Guaranty Change %
Sterling..........	83.8	−30.9
U.S. dollar..........	122.3	+11.5
Canadian dollar....	90.0	−17.2
Austrian schilling..	120.3	+80.1
Belgian franc......	93.7	−8.0
Danish kroner......	83.3	−10.7
Deutsche mark......	129.3	+57.2
Swiss franc........	152.4	+109.1
Guilder..........	117.2	+08.8
French franc......	69.8	−96.5
Lira..........	51.8	−59.3
Yen..........	149.0	+48.1

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.699383	0.588753
U.S. $	8½	1.08355	0.919638
Canadian $...	9.27	*	1.12986
Austria Sch	3¾	16.7552	15.9185
Belgian F ...	9½	53.2511	45.1793
Danish Kr ...	7½	9.49869	8.06518
D mark	4	2.66477	2.26165
Guilder	4½	2.99997	2.54554
French F......	9½	8.02748	6.81724
Lira	17	1587.19	1347.03
Yen	5½	253.659	214.274
Norwgn Kr...	9	7.70167	6.53307
Spanish Pta	—	148.270	125.771
Swedish Kr	8½	8.11471	6.89173
Swiss Fr ...	4	2.20860	1.87440
Greek Dr'ch	20½	90.9532	77.1940

*C$/SDR rate for May 13: 1.33199.

THE POUND SPOT AND FORWARD

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5570-1.5630	1.5580-1.5590	0.23-0.18c pm	1.58	0.50-0.45 pm	1.22
Canada	1.9125-1.9220	1.9140-1.9150	0.20-0.10c pm	0.94	0.48-0.38 pm	0.99
Nethlnd.	4.30¼-4.33½	4.31½-4.32½	2¼-1⅝c pm	5.21	5¼-4⅞ pm	4.75
Belgium	76.45-76.90	76.60-76.70	7c pm-2c dis	0.31	8 pm-4 dis	0.05
Denmark	13.65-13.71	13.65½-13.66½	1½ore pm-¼ dis	0.44	1½pm-3½dis	−0.24
Ireland	1.2125-1.2175	1.2140-1.2150	0.44-0.57p dis	−4.99	1.32-1.62dis	−4.86
W. Ger.	3.82½-3.85½	3.83½-3.84½	2½-1⅝pf pm	5.86	5¾-4½ pm	5.21
Portugal	153-158	153½-155½	620-1930c dis	−96.15	1200-2760dis	−51.26
Spain	214.75-215.75	214.90-215.10	180-260c dis	−11.72	500-620dis	−10.42
Italy	2,280-2,291	2,281-2,283	8½-10½lire dis	−5.00	30½-34½ dis	−6.70
Norway	11.07-11.12½	11.08-11.09	3-4ore dis	−3.79	9½-10½ dis	−3.63
France	11.53-11.59	11.54½-11.55½	2½-3¼c dis	−2.86	9½-11½ dis	−3.64
Sweden	11.66½-11.72½	11.68-11.69	⅞-1⅛ore dis	−1.22	2½-3½ dis	−1.05
Japan	362½-366½	363¼-364¼	1.45-1.25y pm	4.45	3.70-3.50 pm	3.96
Austria	26.95-27.10	27.00-27.05	15-12½gro pm	6.08	39½-33½ pm	5.38
Switz.	3.17-3.19¾	3.18¼-3.19¼	2-1½c pm	6.59	4⅞-4½ pm	5.80

Belgian rate is for convertible francs. Financial franc 77.00-77.10. Six-month forward dollar 0.89-0.84c pm. 12-month 1.40-1.25c pm.

THE DOLLAR SPOT AND FORWARD

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5570-1.5630	1.5580-1.5590	0.23-0.18c pm	1.58	0.50-0.45 pm	1.22
Ireland†	1.2820-1.2860	1.2825-1.2835	0.65-0.55c pm	5.60	1.80-1.60 pm	5.23
Canada	1.2285-1.2295	1.2290-1.2295	0.03-0.06c dis	−0.44	0.08-0.11dis	−0.31
Nethlnd.	2.7615-2.7718	2.7675-2.7685	0.92-0.82c pm	3.77	2.52-2.42 pm	3.58
Belgium	49.12-49.21	49.17-49.19	4½-6c dis	−1.28	14-16 dis	−1.22
Denmark	8.7600-8.7810	8.7600-8.7700	¼-1ore dis	−0.85	3.35-4.10dis	−1.70
W. Ger.	2.4585-2.4655	2.4610-2.4620	0.93-0.88pf pm	4.41	2.48-2.44 pm	4.00
Portugal	97.70-99.90	98.80-99.60	350-1100c dis	−87.79	550-1550dis	−42.38
Spain	137.70-138.10	137.90-138.00	150-190c dis	−14.78	470-540dis	−14.64
Italy	1,463½-1,466	1,464-1,465	7½-8½lire dis	−6.55	25-26½ dis	−7.03
Norway	7.1035-7.1210	7.1180-7.1210	2¼-3½ore dis	−5.27	8¼-9 dis	−4.85
France	7.3950-7.4250	7.4100-7.4150	2.50-2.70c dis	−4.20	8.75-9.15dis	−4.83
Sweden	7.4880-7.5000	7.4950-7.5000	1¼-1½ore dis	−2.40	3.70-4.20dis	−2.11
Japan	232.75-233.80	233.15-233.25	0.61-0.56y pm	3.01	1.64-1.58 pm	2.74
Austria	17.29½-17.34	17.32½-17.33½	7.00-6.20gro pm	4.56	18.75-16.25pm	4.03
Switz.	2.0365-2.0445	2.0425-2.0435	0.89-0.84c pm	5.08	2.37-2.32 pm	4.59

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.35-49.45.

EXCHANGE CROSS RATES

May. 16	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.556	3.840	363.8	11.55	3.188	4.318	2282.	1.915	76.65
U.S. Dollar	0.642	1.	2.464	233.4	7.411	2.046	2.770	1464.	1.208	49.18
Deutschmark	0.260	0.406	1.	94.73	3.008	0.830	1.124	594.0	0.499	19.96
Japanese Yen 1,000	2.740	4.285	10.56	1000.	31.75	8.763	11.87	6274.	5.263	210.7
French Franc 10	0.866	1.340	3.025	314.9	10.	2.760	3.738	1976.	1.656	66.36
Swiss Franc	0.314	0.489	1.205	114.1	3.624	1.	1.355	715.9	0.601	24.05
Dutch Guilder	0.230	0.361	0.889	84.26	2.675	0.766	1.	528.5	0.443	17.75
Italian Lira 1,000	0.438	0.683	1.683	159.4	5.061	1.397	1.892	1000.	0.839	33.59
Canadian Dollar	0.522	0.814	2.006	190.0	6.033	1.665	2.255	1192.	1.	40.04
Belgian Franc 100	1.305	2.033	5.010	474.5	15.07	4.159	5.633	2977.	2.498	100.

MONEY MARKETS

A slightly firmer tone

UK clearing bank base lending rate 10 per cent

(since April 15 and 18)

There was little overall change in London interest rates yesterday, although the tone was slightly firmer following events in the U.S. before the weekend. A disappointingly large increase in two of the three money supply aggregates published on Friday tempered hopes of an early cut in the Federal Reserve discount rate, while the sharp increase in U.S. industrial production during April also increased fears that U.S. economic growth will prevent a move on interest rates by the Fed before the Williamsburg Summit.

The Bank of England forecast a money market shortage of £300m. Bills maturing in official hands and a take-up of Treasury bills from Friday's Treasury bill tender drained £512m, while Exchequer transactions absorbed another £30m. These were partly offset by a fall in the note circulation of £280m. Total help provided during the day was £274m.

Before lunch the authorities bought £261m bills by way of £122m bank bills in band 2 (15-33 days) at 10 per cent; £115m bank bills in band 3 (34-63 days) at 9⅞ per cent; £12m Treasury bills in band 4 (64-91 days) at 9¾ per cent; and £12m local authority bills in band 4 at 9¾ per cent.

In the afternoon the Bank of England purchased another £13m bills through purchases of £3m bank bills in band 2 at 10 per cent, and £10m bank bills in band 3 at 9⅞ per cent.

In Amsterdam the Dutch central bank announced that its quota facility for the three-month period beginning May 19 will amount to a total of Fl 4bn per day. The authorities are also offering a special liquidity advance, on terms to be announced today. The quota's primary facility amounts to Fl 2.9m, and there is also a supplementary facility amounting to Fl 750m, plus some Fl 350m available to a number of specially designated institutions. Banks may draw down their quotas at the official refinancing rate of 5 per cent. The new quota compares with a facility of Fl 4.4bn maturing tomorrow.

LONDON MONEY RATES

May 16 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight........	—	8-10⅛	10¼-10⅜	—	—	10-10⅛	9-10¼	—	—	—
2 days notice ..	—	—	10⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice ..	—	10¼-10⅛	10⅜	—	—	10⅜	10-10⅛	—	—	—
One month......	10 5/16-10 3/16	10 5/16-10 3/16	10⅜	11-10⅜	10⅛	10¼	10-10⅛	10 1/32-10 1/16	10⅛	10 11/16
Two months ...	10⅜-10¼	10¼-10⅜	10¼	10⅞-10⅛	10 7/16	10⅜	9⅞-9 15/16	9 31/32-9 29/32	9⅞	10⅝
Three months ..	10 5/16-10 3/16	10 5/16-10 3/16	10¼	10¾-10⅜	10⅜	10⅝	9¾-9⅞	9 29/32-9⅞	9 29/32	10 7/16
Six months......	10⅛-10	10¼-10⅜	10¼	10½-10⅛	10⅜	—	—	—	9 13/16	10⅛
Nine months ...	10⅛-10	10¼-10⅜	10¼	10¾-10⅜	10⅜	—	—	—	—	—
One year........	10⅛-10	10¼-10⅜	10¼	10⅝-10¼	10⅜	—	—	—	—	—
Two years	—	—	10⅝	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period April 6 to May 3 1983 (inclusive) 10.304 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞ per cent; four years 11⅛ per cent; five years 11¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 9 27/32-9⅞ per cent; four months trade bills 10½ per cent.

Approximate selling rate for one month Treasury bills 9 31/32-10 per cent; two months 9 31/32-9 15/16 per cent; three months 9 29/32-9⅞ per cent. Approximate selling rate for one month bank bills 10 1/32 per cent; two months 9 31/32 per cent and three months 9 27/32 per cent; trade bills one month 10 7/16 per cent; two months 10 5/16 per cent and three months 10 3/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from May 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¼ per cent.

Treasury Bills: Average tender rates of discount 9.7471 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 10⅞ per cent; one-three months 10⅝ per cent; three-six months 10¼ per cent; six-12 months 10⅛ per cent. Under £100,000 10 per cent from April 9. Deposits held under Series 3-5 10⅛ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 16	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling........	10⅛-10¼	10⅛-10 7/16	10⅜-10½	10¼-10⅜	10¼-10⅜	10¼-10⅜
U.S. Dollar......	8¾-9	8¾-9	8¾-9	8⅞-9⅛	10¼-9¼	9⅛-9⅜
Can. Dollar......	9½-10½	6.9¾	9⅛-9⅜	9⅛-9⅜	9⅛-9⅞	6⅛-6⅝
D. Guilder........	5.5¼	5⅛-5⅜	5⅞-5⅞	5⅛-5⅝	5⅝-5⅞	6-6⅛
S. Franc........	3¾-3	3¼-3	4¼-4⅜	4⅜-4⅛	4⅛-4⅜	4⅝-4½
Deutschm'rk......	4⅛-4⅜	4⅜-4⅞	4⅛-4⅞	4⅝-5⅛	5⅛-5⅜	5⅜-5⅞
French Franc......	19¼-12½	12¼-10½	18⅛-12⅞	16⅛-13⅞	18⅛-16⅞	17⅜-17⅞
Italian Lira......	14-18½	14-15½	14½-15¼	15⅜-16¼	17-17½	18⅜-19⅛
Belg. Franc.						
Conv..........	9¾-10¼	9⅛-10¼	10-10½	10-10½	10¼-10¾	10⅜-10⅞
Fin..........	10-10¼	10-10¼	9⅞-10⅛	10-10¼	10⅛-10⅜	10¼-10¾
Yen..........	5⅛-6⅛	6⅛-6¼	5⅛-6¼	6⅛-6⅜	6⅛-6⅜	6¼-6⅞
D. Krone........	9¼-9¾	9¼-9¾	9¾-10¼	10⅞-11⅜	11¼-12	11⅝-12⅛
Asia $ (Sing.)..	8⅞-9⅛	8⅞-9⅛	8⅞-9	8⅞-9⅛	9-9⅛	9⅛-9¼

FT LONDON INTERBANK FIXING

(11.00 a.m. MAY 16)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 15/16	offer 9 1/16	bid 9	offer 9 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8⅝-8⅞
Treasury bills (13-week)	8.16
Treasury bills (26-week)	8.15

GERMANY

Lombard	6.0
Overnight rate	5.025
One month	5.25
Three months	5.30
Six months	5.35

FRANCE

Intervention rate	12.5
Overnight rate	12.375
One month	12.5625
Three months	12.5625
Six months	12.6875

JAPAN

Discount rate	5.5
Call (unconditional)	6.03125
Bill discount (3-month)	6.59375

SWITZERLAND

Discount rate	4
Overnight rate	2½-3½
One month	4⅛-4⅜
Three months	4⅛-4⅜

NETHERLANDS

Discount rate	4½
Overnight rate	4⅞-5⅛
One month	5⅛-5⅜
Three months	5⅜-5⅝
Six months	5⅝-5⅞

$ CERTIFICATES OF DEPOSIT

One month	8.60-8.70
Three months	8.60-8.70
Six months	8.80-8.90
One year	9.00-9.10

LONG TERM EURO $

Two years	9⅞-10⅛
Three years	10⅛-10⅜
Four years	10⅝-11⅛
Five years	11-11¼

SDR LINKED DEPOSITS

One month	8⅜-8⅝
Three months	8⅝-8⅞
Six months	8⅞-9⅛
One year	9⅛-9⅜

ECU LINKED DEPOSITS

One month	9⅛-9⅜
Three months	9⅜-9⅝
Six months	9⅝-9⅞
One year	9⅞-10⅛

FINANCIAL FUTURES

Eurodollars lower

Euro-dollar prices fell in the London International Financial Futures Exchange yesterday. The market was reacting to a rise in the U.S. M2 and M3 money supply figures together with a rise in the more narrowly defined M1 figure. This was seen in conjunction with recent economic statistics which pointed towards a marked upturn in the U.S. economy, as negating the need for an imminent cut in the U.S. discount rate. Consequently the June Euro-dollar price opened at 91.16 down from 91.30 on Friday and touched a low of 91.13 before finishing at 91.15.

Trading in sterling based contracts was on the quiet side. The June short sterling price opened at 90.05 down from 90.13 and traded in a narrow 9 point range before finishing at 90.09. Sentiment was influenced by the proximity of a general election with fears of a continued rise in money supply growth seen as a factor inhibiting short sterling price opened at 90.05 down from 90.13 and touched a low of 90.03 before recovering to close at 90.09. The September contract recorded a higher volume than June with a closing level of 90.30 attained after an opening level of 90.17 and Friday's close of 90.37.

The June gilt price opened at 103-15 down from 103-29 on Friday as U.S. interest rates showed a firmer tendency, and a low of 103-10 was touched. However late interest pushed values to a high of 104-00 and this was the closing level.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	77-23	78-06	77-18	78-24
Sept	77-06	77-19	77-01	78-05
Dec	76-22	77-04	76-17	77-21
March	76-07	76-19	76-05	77-06
June	75-25	76-06	75-25	76-25
Sept	75-18	75-23	75-19	76-14
Dec	75-06	75-15	75-06	76-04
March	—	—	—	75-27
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.84	91.87	91.80	92.02
Sept	91.64	91.69	91.60	91.87
Dec	91.39	91.46	91.39	91.60
March	91.21	91.26	91.21	91.39
June	91.00	91.00	91.00	91.13
Sept	—	—	90.82	90.99
Dec	90.63	90.64	90.63	90.82
March	—	—	90.50	90.65

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.43	91.48	91.41	91.62
Sept	91.15	91.24	91.13	91.38
Dec	90.89	90.95	90.86	91.06

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
May	—	—	—	—
June	90.90	90.91	90.88	91.08
Sept	90.67	90.72	90.65	90.88
Dec	90.40	90.45	90.40	90.60
Feb	—	—	—	—
March	90.19	90.21	90.17	90.38

STERLING (IMM) $e per £

	Latest	High	Low	Prev
May	—	—	—	—
June	1.5585	1.5605	1.5550	1.5685
Sept	1.5545	1.5580	1.5510	1.5626
Dec	1.5500	1.5535	1.5480	1.5595
March	1.5470	1.5490	1.5470	1.5570
June	—	—	—	—
Sept	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	71-09	71-20	71-06	72-05
Sept	70-18	70-31	70-15	71-14
Dec	69-28	70-10	69-26	70-26
March	69-09	69-17	69-09	70-06
June	68-25	69-00	68-26	69-22
Sept	68-12	68-12	68-12	69-08
Dec	67-29	68-05	67-29	68-29
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.16	91.17	91.13	91.30
Sept	90.95	91.03	90.95	91.18
Dec	90.69	90.70	90.68	90.86
March	90.43	90.46	90.43	90.61
June	90.21	—	—	90.30

Volume 2,013 (1,344)
Previous day's open int. 3,846 (3,628)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	90.09	90.12	90.03	90.13
Sept	90.30	90.32	90.24	90.37
Dec	90.23	90.25	90.20	90.27
March	90.02	—	—	90.17
June	89.82	—	—	89.95

Volume 635 (618)
Previous day's open int. 3,583 (3,594)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	104-00	104-00	103-10	103-29
Sept	103-16	103-18	103-01	103-15
Dec	105-12	105-13	105-10	105-12
March	105-00	105-00	—	104-28
June	104-21	—	—	104-31

Volume 1,180 (1,724)
Previous day's open int. 3,324 (3,107)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) 4 to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5595	1.5620	1.5585	1.5635
Sept	1.5630	1.5569	1.5639	1.5687
Dec	1.5607	—	—	1.5667

Volume 735 (701)
Previous day's open int. 1,867 (1,827)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.4071	0.4081	0.4070	0.4095
Sept	0.4112	—	—	0.4136
Dec	—	—	—	—

Volume 110 (138)
Previous day's open int. 432 (481)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4910	0.4928	0.4906	0.4946
Sept	0.4969	0.4988	0.4969	0.5010
Dec	—	—	—	—

Volume 126 (56)
Previous day's open int. 489 (481)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4290	0.4302	0.4285	0.4307
Sept	0.4322	—	—	0.4337
Dec	—	—	—	—

Volume 108 (269)
Previous day's open int. 386 (393)

CONTRACTS AND TENDERS

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

INVITATION TO TENDER

TENDERS ARE INVITED FOR THE URGENT SUPPLY OF:

1) 10,000 tonnes of bagged soft wheatflour to Egypt for delivery on a fob stowed and trimmed basis to an EEC port. Loading shall commence no earlier than 6 June 1983 and no later than 13 June 1983.
2) 25 tonnes of bagged soft wheatflour to Gambia for delivery on FAS Liner terms to an EEC port. Loading shall commence no earlier than 6 June 1983 and no later than 13 June 1983.

The price for the supply and transportation costs of the soft wheatflour for the above tenders will be determined on examination of the tenders which must be submitted by noon on Wednesday 25 May 1983 to:

Home Grown Cereals Authority, Hamlyn House, Highgate Hill,
London N19 5PR

Notices of invitation to tender together with tendering forms may be obtained from:

Branch 8 (Cereals), Internal Market Division
Intervention Board for Agricultural Produce, Fountain House
2 Queens Walk, Reading RG1 7QW
Tel: Reading (0734) 583626 Ext 368/276

COMPANY NOTICES

NEDERLANDSE UNILEVER BEDRIJVEN B.V.
formerly VAN DEN BERGH'S EN JURGENS' FABRIEKEN N.V.

5.5% Preference and Ordinary 'A' sub-shares issued by N.V. Nederlandsch Administratie- en Trustkantoor.

Dividends for 1982 of 5.5% (Fl.0.55) and 13.6425% (Fl.0.409275) respectively will be paid on and after 17th May 1983. To obtain these dividends, certificates must be listed on forms obtainable from, lodged with for marking, and left for five clear days for examination by one of the following:

Midland Bank plc. Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE
Allied Irish Banks Limited, Securities Department, 3/4 Foster Place, Dublin 2
Clydesdale Bank PLC, 30 St. Vincent Place, Glasgow

from which banks fuller details of the dividend may be obtained on and after 17th May 1983.

N.V. NEDERLANDSCH
ADMINISTRATIE-
EN TRUSTKANTOOR

London Transfer Office,
Unilever House, Blackfriars,
London EC4P 4BQ.
17th May 1983

JUSCO CO. LTD.

Advice has been received from Tokyo that the 58th Ordinary General Meeting of shareholders of the Company will be held in the conference room (Room 401) of Osaka Chamber of Commerce and Industrial Building 58-7 Hashizume-Cho, Uchihon-Machi, Higashi-Ku, Osaka, Japan on Wednesday, 18th May, 1983 beginning at 10 a.m.

Matters for Reporting and Approval

Reporting: Concerning report of the balance sheet as of February 20th, 1983, and the business report, and statement of income and retained earnings for the 58th Fiscal Term (period covering February 21st, 1982 through February 20th, 1983).

Proposal No. 1: Concerning the proposed appropriation of retained earnings for the 58th Fiscal Term.

Proposal No. 2: Concerning partial amendment to the Articles of Incorporation.

1. Our registered head office is transferred from Osaka to Chiyoda-Ku, Tokyo.
2. The total number of shares authorized to be issued by company increased by 300 million shares to 600 million shares.

Proposal No. 3: Concerning the election of two new statutory auditors.

Proposal No. 4: Concerning the election of a new independent public accounting auditor.

HILL SAMUEL & CO. LIMITED
45 Beech Street,
London EC2P 2LX.

ART GALLERIES

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. CONTEMPORARY PAINTINGS ON VIEW. Mon.-Fri. 10-5 and Sats. 10-12.45.

PARKER GALLERY, 12a-12b Berkeley Street, London W1X 5AD (opposite Mayfair Hotel). Tel. 01-499 5906.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 16 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

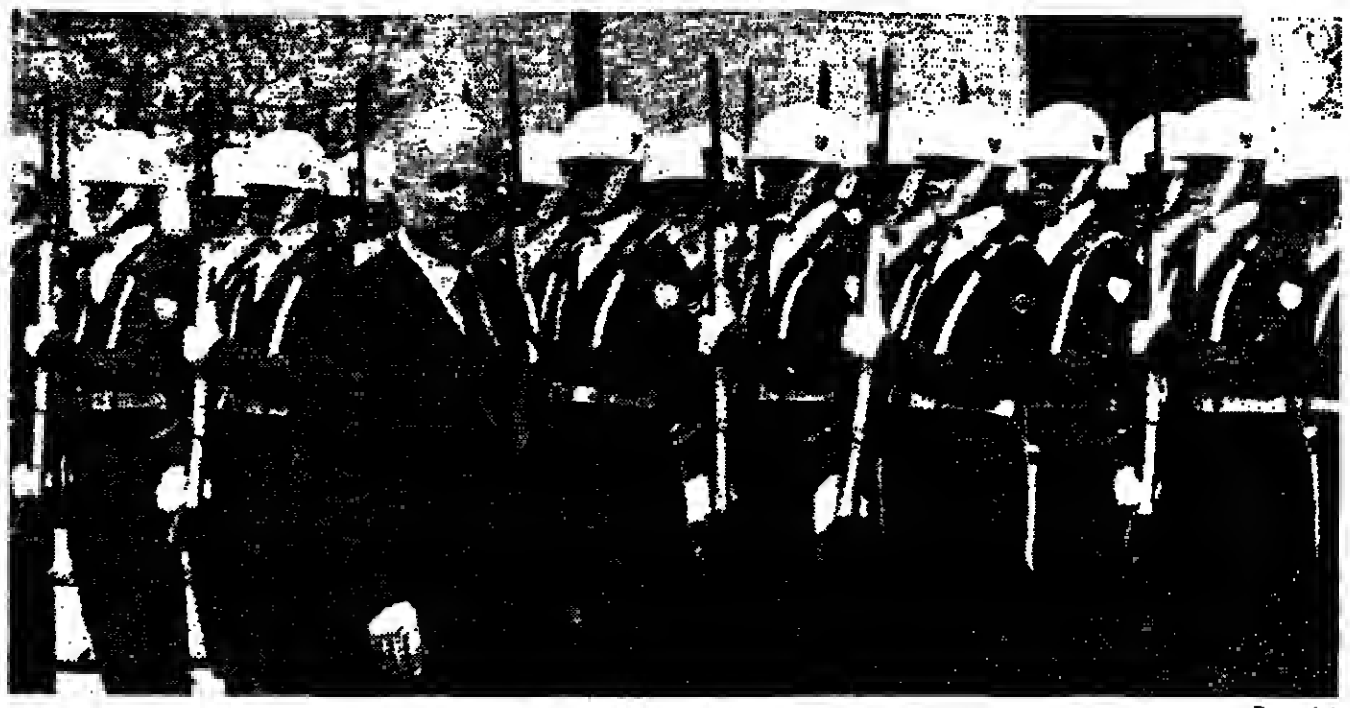
PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.05
Algeria	Dinar	(A) 7.3860
Andorra	French Franc Spanish Peseta	11.55 215.0
Angola	Kwanza	(CM) 46.684
Antigua (S)	E. Caribbean $	4.21
Argentina	Ar. Peso	101,141
Australia ($)	Australian $	1.7505
Austria	Schilling	27.025
Azores	Portugu'se Escudo	154.5
Bahamas	Ba. Dollar	1.5585
Bahrain	Dinar	0.5888
Balearic Isles	Spa. Peseta	215.0
Bangladesh	Taka	37.50
Barbados	Barbados $	3.1170
Belgium	B. Franc	(cm) 76.65 (fn) 77.05
Belize	B $	3.1170
Benin	C.F.A. Franc	577.5
Bermuda	Bda $	1.5585
Bhutan	Indian Rupee	15.60
Bolivia	Bolivian Peso	(cm) 68.88 (F)(A)308.60
Botswana	Pula	1.6550
Brazil	Cruzeiro ††	758.70
Brit. Virgin Isles	U.S. $	1.0585
Brunei	Brunei $	3.2578
Bulgaria	Lev	1.4645
Burma	Kyat	12.0435
Burundi	Burundi Franc	140.530
Cameroon Republic	C.F.A. Franc	577.5
Canada	Canadian $	1.9146
Canary Islands	Spanish Peseta	215.0
Cape Verde Isle	Cape V. Escudo	105.90
Cayman Islands	Cay. Is. $	1.29875
Cent. Afr. Republic	C.F.A. Franc	577.0
Chad	C.F.A. Franc	577.5
Chile	C. Peso	115.34
China	Renminbi Yuan	3.0964
Colombia	C. Peso	(F) 118.58
Comoro Islands	C.F.A. Franc	577.5
Congo (Brazzaville)	C.F.A. Franc	577.5
Costa Rica	Colon	(O) N/A (F) 62.35
Cuba	Cuban Peso	1.3180
Cyprus	Cyprus £	0.7975
Czechoslovakia	Koruna	(com) 9.60 n/c 16.71 (T) 10.10
Denmark	Danish Krone	13.66
Djibouti	Fr.	270 (sg)
Dominica	E. Caribbean $	4.21
Dominican Repub.	Dominican (Peso)	1.5585
Ecuador	Sucre	(O) 67.30 (F) 120.45
Egypt	Egyptian £	(U) 1.295
Equatorial Guinea	Ekuele	430.0
Ethiopia	Ethiopian Birr	(P) 3.1800
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Krone	13.66
Fiji Islands	Fiji $	1.5760
Finland	Markka	8.47375
France	French Franc	11.55
French C'tyin Af*	C.F.A. Franc	577.5
French Guiana	Local Franc	11.55
French Pacific Is.	C.F.P. Franc	205 (sg)
Gabon	C.F.A. Franc	577.50
Gambia	Dalasi	4.00
Germany (East)	Ostmark	3.84
Germany (West)	Deutsche Mark	3.84
Ghana	Cedi	4.92
Gibraltar	Gibraltar £	1.0
Greece	Drachma	130.8755
Greenland	Danish Kroner	13.66
Grenada	E. Caribbean $	4.21
Guadaloupe	Local Franc	11.55
Guam	U.S. $	1.5585
Guatemala	Quetzal	1.5585
Guinea Republic	Syli	35.00
Guinea Bissau	Peso	63.25
Guyana	Guyanese $	4.6590
Haiti	Gourde	7.7925
Honduras Repub.	Lempira	3.13
Hong Kong	H.K. $	10.836
Hungary	Forint	65.75‡‡
Iceland	I. Krona	34.979
India	Ind. Rupee	15.60
Indonesia	Rupiah	1,510.0
Iran	Rial	132.70 (sg)
Iraq	Iraq Dinar	0.4677
Irish Republic	Irish £	1.2145
Israel	Shekel	87.55
Italy	Lira	2,282.0
Ivory Coast	C.F.A. Franc	577.5
Jamaica	Jamaica Dollar	(O) 2.78 (F) 4.28
Japan	Yen	363.75
Jordan	Jordan Dinar	0.556
Kampuchea	Riel	1,870.2
Kenya	Kenya Shilling	20.17
Kiribati	Australian $	1.7590
Korea (Nth)	Won	1.01 (‡)
Korea (Sth)	Won	1,196.60
Kuwait	Kuwait Dinar	0.4535
Laos	New Kip	15.585
Lebanon	Lebanese £	6.8100
Lesotho	Maluti	1.6940
Liberia	Liberian $	1.5585
Libya	Libyan Dinar	0.4610
Liechtenstein	Swiss Franc	3.1870
Luxembourg	Lux Franc	76.65
Macao	Pataca	11.20
Madeira	Portug'se Escudo	154.5
Malagasy Republic	MG Franc	619.0
Malawi	Kwacha	1.7450
Malaysia	Ringgit	3.5850
Maldive Islands	Rufiyaa	11.77
Mali Republic	Mali Franc	1,155.0
Malta	Maltese £	0.662
Martinique	Local Franc	11.55
Mauritania	Ouguiya	84.30
Mauritius	M. Rupee	17.62
Mexico	Mexican Peso	(F) 233.97 175.35 (2)
Miquelon	Local Franc	11.55
Monaco	French Franc	11.55
Mongolia	Tugrik	(o) 5.05 (10
Montserrat	E. Caribbean	4.21
Morocco	Dirham	9.95 (sg)
Mozambique	Metical	N/A
Namibia	S.A. Rand	1.6940
Nauru	Australian Dollar	1.7595
Nepal	Nepalese Rupee	22.35
Netherlands	Guilder	4.3175
Netherland Antilles	Antillian Guilder	2.7900
New Zealand	N.Z. Dollar	2.3490
Nicaragua	Cordoba	15.61
Niger Republic	C.F.A. Franc	577.5
Nigeria	Naira	1.098425 (sg)
Norway	Norway Krone	11.085
Oman Sul'ate of	Rial Omani	0.540
Pakistan	Pakistan Rupee	19.78
Panama	Balboa	1.5585
Papua N.Guinea	Kina	1.3195
Paraguay	Guarani	(O) 196.73 (F) 249.82
Peru	Sol	exc(A)2,176.52
Philippines	Philippine Peso	10.35
Pitcairn Islands	£ Sterling New Zealand $	— 2.3490
Poland	Zloty	105.64
Portugal	Portugu'se Escudo	154.0
Puerto Rico	U.S. $	1.5585
Qatar	Qatar Ryal	5.68
Reunion Ile de la	French Franc	11.55
Romania	Leu	(Cm) 6.98 (N/C) 10.52
Rwanda	Rwanda Franc	144.545
St. Christopher	E. Caribbean $	4.21
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	4.21
St. Pierre	Local Franc	11.55
St. Vincent	E. Caribbean $	4.21
Salvador El	Colon	3.90
Samoa American	U.S. $	1.5585
San Marino	Italian Lira	2,282.0
Sao Tome & Prin.	Dobra	69.50
Saudi Arabia	Ryal	5.38275
Senegal	C.F.A. Franc	577.50
Seychelles	S. Rupee	10.31 (sg)
Sierra Leone	Leone	(Cm) 6.90 (O) 1.07
Singapore	Singapore $	3.2575
Solomon Islands	Solomon Is. $	1.7450
Somali Republic	Somali Shilling	23.65
South Africa	Rand	1.6940
Spain	Peseta	215.0
Spanish ports in North Africa	Peseta	215.0
Sri Lanka	S. L. Rupee	36.38
Sudan Republic	Sudan £ (u)	2.0505
Surinam	S. Guilder	2.7900
Swaziland	Lilangeni	1.6940
Sweden	S. Krona	11.685
Switzerland	Swiss Franc	3.1875
Syria	Syria £	(A) (T) 10.00 (Cm) 6.20
Taiwan	New Taiwan $	62.50
Tanzania	Tan. Shilling	15.07
Thailand	Baht	35.70
Togo Republic	C.F.A. Franc	577.0
Tonga Islands	Pa'anga	1.7595
Trinidad	Trinidad & Tob. $	3.7405
Tunisia	Tunisian Dinar	0.985 (sg)
Turkey	Turkish Lira	326.79
Turks & Caicos	U.S. $	1.5585
Tuvalu	Australian $	1.7595
Uganda	Uganda Shilling	200.0 428.0 (3)
United States	U.S. Dollar	1.5585
Uruguay	Uruguay Peso	32.11
Utd. Arab Emirates	U.A.E. Dirham	5.7290
U.S.S.R.	Rouble	1.1559
Upper Volta	C.F.A. Franc	577.5
Vanuatu	Vatu	153.15
Vatican	Italian Lira	2,282.0
Venezuela	Bolivar	(4) 6.00 (5) 9.35 (6) 15.15
Vietnam	Dong	(O) 3.4073 (T) 3.71(7)
Virgin Island U.S.	U.S. Dollar	1.5585
Western Samoa	Samoan Tala	(A) 2.4950
Yemen (Nth)	Ryal	7.10 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.5400
Yugoslavia	New Y Dinar	129.8770
Zaire Republic	Zaire	0.15877
Zambia	Kwacha	1.8450
Zimbabwe	Zimbabwe $	1.51

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupee per pound. ** Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. ‡ Based on gross rates against Russian rouble. (1) Essential goods. (2) Controlled rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel.

FINANCIAL TIMES SURVEY

TURKEY

Political life is resuming in Turkey with elections promised for November. The country is calm today and, helped by an export boom, paying its way in the world. The generals have written new rules for parliamentary life and are seeking to prevent a return to the past.



President Evren inspecting the presidential guard of bonour.

Terry Kirk

By DAVID TONGE

WHEN THE Janissaries, the Sultan's guard which led the Ottomans' two sieges of Vienna, paraded, they did so with a clash of cymbals and a roll of drums, for each two sweeping steps forward taking a leisurely one back, before moving relentlessly on.

Today Turkey's generals are in mid march. They have spent 32 months advancing to put their stamp on every aspect of the country's life. Now they are planning a slight retreat, allowing elections in November and the restoration of a form of parliamentary life.

At first sight their's has been a textbook example of what military rule can achieve. The political terrorism which cost 5,000 lives before they seized power in September 1980 has been crushed: over 700,000 arms have been handed in or collected by the authorities.

The economy has begun to expand again and this year is expected to turn in a third year of 4 per cent growth. Industrial production, hit before the coup by a wave of strikes, has improved, although capacity utilisation remains low. At a time of world recession and when other developing countries have lurchod into crisis a remarkablo export boom has helped the country bogin to pay its way again. It is servicing its rescheduled $16bn debt and able to nibble again at the Euromarkets. The authority of the state has been re-established even to the extent of imposing fare meters on the main cities' long-notorious taxis.

The streets are cleaner, pedlars reduced in number, and the country has been equipped with a new constitution and new laws covering everything from parties and unions to birth control.

It is a reassuring picture for many Turks who remember how they were unable to leave their homes after dusk during the gunmen's heyday; for Washington and other Nato members focusing on the country's strategic role; and for foreign businessmen who argue that Turkey, with its 48m people, is now the most stable country in the Eastern Mediterranean as well as a springboard for the Middle East.

All this has been achieved by a regime which has also managed to retain most of the welcome which greeted it when it seized power in September 1980. Yet criticism of the regimo is beginning to be heard, at least in private, as Turks turn their eyes away from the traumas of the past to the prospect of elections.

General Kenan Evren, the President, and his fellow members of the National Security Council have taken Turkey a long way from the liberal regimo ushered in by tho military following the 1960 coup.

The constitution presented to the population last November is a presidential one, ensuring the head of state immunity for any act he takes and denying appeal to any body against these acts. It is authoritarian in tone and painstaking in detail. Unions, political parties, the Press, universities and freedom of expression — all are subjected to sweeping regulation.

Forbidden

The route to reform is turned into an obstacle course, both by the constitution's provisions and by Decree 76 of the National Security Council. The military are rewriting all the laws of the state but have banned any discussion of any of their actions or statemonts. Over 240 leading former politicians are forbidden to re-entor politics for 10 years or mako any statement on politics. A further 500 may be eiocted to parliament but for five years may not becomo party officials.

The regime's own actions give ono pointer to bow this legislation may be implemented. It had a chance to show magnanimity to its opponents and build some bridges with the old political world after it won a 91.4 per cent vote in last November's one-sided referendum. Instead it responded to the voto by cracking down on the Writers Union of Turkey, by prosecuting and sentoncing Mr Nadir Nadi, tho doyon of Turkish journalists, and by carrying through a purge of the universities.

Then there are tho continuing trials of tho Disk radical labour confederation 68 of whose leaders face death penalties and of Turkey's Peace Association; the extensive use of torture; and tho 12-year sentence given to Mr Dogu Perincek, leader of tho non - violent Turkish Workers Peasants Party. It is for such reasons that EEC aid to Turkey remains blocked and sevoral EEC governments, notably France, Netherlands and Denmark, watch on with concern.

The many Turks who defend the regime arguo that these concerns of liberal Europe are irrelevant when compared with the situation before the coup—street anarchy, parliamentary paralysis and economic chaos. They argue that at its stage of development Turkey should not be compared with Europe of tho 1980s but with the more troubled Europe of the 1930s. By such standards, officers arguo Turkey has done remarkably well. Liberalism was given its chance in the past two decades but failed when too many of tho country's elite began flirting with the extreme right and, in particular, extreme left. Now a new approach is to be tried.

Popular

Tho key question is whether this approach will work, and here opinion is divided. The regime's supporters argue that General Evren retains his evident popularity and that tho special rolo of the military in Turkey's history gives its acts an acceptability hard for foreigners to understand.

According to this argument tho division between state and military which is implicit in Western Europe is alien to Turkish tradition. The Ottoman horsemen who fought their way to Constantinoplo could never be differentiated from tho state in the way that Western armies could. This century too, the army has long been cherished both as the guardian of the traditions of Kemal Ataturk, moulder of the republic, and an essential instrument in the modernisation of tho country.

For the regime's supporters there is thus littlo doubt over its right or ability to excludo from tho future the politicians of the past, little questioning of its seamless web of logislation to stifio dissent, and littlo call for tho building in of safety valves to prevent social explosion. Nor are they disturbed by Goneral Evren when he warns that "unstablo politicians blinded by power and greed" might causo elections to be delayod.

In private tho old politicians and many of the country's intelligentsia counter that the generals forget two things. The first is that their country is a member of Nato, aspires to EEC membership and has to tako some beed of Western sensibilities — which may cause problems when the regime seeks to apply tho absolute powers it has granted itself.

The second, and perhaps more telling, is the sheer complexity of Turkey. The country is a tapestry of clashing colours. Its industrial revolution, with all the inevitable strains this causes, is taking place against a background of division between city and rural values, between differont sects and a secular stato, and between minorities such as tho 7m Kurds and thoir Turkish masters. In this argument, tho old political formations, whatevor thoir faults, were representativo of tho underlying forces in tho country. To supporters of tho viow the gonerals aro wrong to restrict parliament's links with tho interest groups between which it bas to mediato. By doing so they may havo fed tho very virus thoy triod to kill, extra-parliamentary opposition.

Advocates of this second view forecast a relativoly smooth run up to November's olections but suggest that the first parliamontary government could find itself jostling for authority with tho gonorals.

In the view of many old politicians the gonerals may then bave to cedo ground in tho face of political reality, just as they did in 1973 after failing to impose their candidate for president on parliament.

It requires more than the grounds left in a Turkish coffee cup to choose between these two visions of the future, but it is as unwise to neglect tho continuing trauma caused by the pre-coup terror as to deny that social and economic

CONTINUED ON NEXT PAGE

CONTENTS

Editorial production of this survey was by Mike Smith. Design: Phil Hunt.

In this survey, names are given largely as written in Turkish. Howevor, it has not been possible to include the cedillas under some letters "c" and "s". These cause tho letters to sound as "ch" and "sh". A normal Turkish "c" is pronounced like the British "j".

Despite problems with Europe, the generals are hesitant to back the U.S. in the Middle East. David Tonge reports

Reluctant to take on extra commitments

TURKEY HAS long provided tho West with a dilemma. Strategically the country is important, sitting athwart both the straits linking Russia to the Mediterranean and its main route south to the Middle East. But ensuring these strategic advantages for the West has o price, economically and politically.

The generals' 32 months in power have seen the two sides of the Atlantic alliance respoud to this problem in totally different ways.

In Washington the Reagan Administration has set to one side the costs of doing business with the generals. It has signed a defence co-operation agreement covering the future of the two dozen military installations, sent a bevy of top level visitors to Ankara and sought to increase aid to Turkey more than it is increasing aid to any other country in the world. It has been trying to persuado Congress to agree to $755m military and economic aid in the coming U.S. fiscal year.

All this has been accompanied by the occasional statutory bows in honour of human rights, whether through interviews in the Press or the sending of U.S. diplomats to ottend somo of the key political trials now going on in the country. But efforts in this field have been limited, with no protest for instance made when a local correspondent representing a U.S. news organisation was roughed up by the police. "We have never felt any serious pressure from the U.S. over human rights," one top Turkish official says.

Tho traumas caused by the U.S. arms embargo imposed by Congress after the Turkish landing on Cyprus in 1974 are thus being forgotten and few would dispute the recent statement in Ankara by Mr Richard Burt, U.S. assistant Secretary of State, that "U.S.-Turkish relations now are better than they have been in o generation."

In West Europe, however, a number of factors have come together to cause almost exactly the opposite to be true.

Where the EEC is concerned there have been bruising rows over textiles and steel. Five European governments and many oppositions have been making an issue over human rights. France has had its particular problems with Ankara over the Armenians, Greece over Cyprus and the Aegean, and West Germany over the early stand taken by Chancellor Kohl's Government about encouraging Turkish migrant workers to return home. Britain alone has kept unsullied relations.

Permanent

Certainly, the overall tone will change after elections have been held, but some diplomats in Ankara are now asking whether at least some of the damage may prove more permanent. For the prospect of a restoration of civilian rule is causing some chancelleries and the EEC to wonder how they will handlo the question they would rather not face. This is how to tell Turkey that it is just too large an economic burden to gain an economic association with West Europe comparable to its defence links. The Turks have long made clear that it would like to apply for full membership of the European Community.

All this explains why for now Turkey's policy towards West Europe is basically defensive, with the country's Foreign Ministry — one of the more respected Turkish institutions — managing to defeat the trend in the military arguing for the cutting of links with bodies such as the Council of Europe.

The overall situation is ono where the U.S. would seem well placed to cash in a few of tho moral chips it has won with the generals. It is evidently doing so in the field of military supplies. Even if Britain seems well placed to supply a Rapier ground to air defence system and West Germany is supplying Leopard tanks and naval vessels, only U.S. firms are on the short list for the major contract around, to supply around $1bn worth of fighters to the Turkish air force.

But it is questionable what the U.S. has gained elsewhere. For even if Turkey might seem an ideal staging post for any rapid deployment force—with work to upgrade the country's airfields currently being negotiated—Turkey's overall position makes it very reluctant to take on any responsibilities outside the Nato area.

Mr Ilter Turkmen, the Foreign Minister, insists that the U.S. has never approached him over the RDF and officials underline Turkey's reluctance to become involved in such a project.

"We live in a wind tunnel," one of the top figures in the ruling National Security Council was telling visitors shortly after the generals seized power. Today that sense lives on.

To their north is the Soviet Union which, through the Turkish Communist Party, is declaring that any extension of military arrangements between Ankara and Washington is a direct threat to the security of the Soviet Union.

To their east Iran and Iraq —both with potentially dangerous Kurdish minorities—are at war.

To their south their long differences with Syria continue. Then there are Cyprus and the outspokenly critical Greek Government of Dr Andreas Papandreou.

The only light on the horizon is that the arms smuggling through Bulgaria seems reduced, but this is perceived to be due to a crackdown at home rather than one in Sofia.

This environment is one reason why the Turks are determined to avoid being drawn beyond their borders. A second is the general sense that acting as the West's policeman in the Middle East in the 1950s had been a major mistake—and today would be oll the more so given their commercial interests in countries such as Libya, Saudi Arabia, Iraq and Iran.

For it is one of the ironies of Turkish foreign policy under the generals that men imbued with Ataturk's secular principles should be committed to strengthening relations with the Islamic world.

Apart from this the main fresh wrinkle in Turkish foreign policy is a sudden determination to increase links with Asia, symbolised by the recent trip of General Kenan Evren, the President, to the area.

Otherwise Turkish foreign policy remains as it has for 200 years dependent on the alliance which will best protect it from the long inexorable advance south of the Russians. No presently conceivable political change in Turkey or abroad is likely to change that.

Foreign Minister Ilter Turkmen: insists the U.S. have not approached him over the RDF

Brittle calm in the Aegean

TURKEY and Greece have long provided their Nato allies with the one thing they do not need, a flash point within the alliance. For 18 months the West has had to work hard to cool the waters of the Aegean as Dr Andreas Papandreou, the Greek Prime Minister, has underlined the "Turkish threat" to his country and the Turkish generals have occasionally rattled their sabres but more often bitten their tongue.

However, the meeting in Strasburg on April 28 of the two countries' foreign ministers, Mr Ilter Turkmen and Mr Ioannis Haralambopoulos, was an indication of a better, if still brittle relationship. During much of last autumn a "moratorium" to ovoid mutual provocation held. It briefly collapsed in November but since then Dr Papandreou's Government has seemed to be groping towards resuming the dialogue between the two countries which it cut when it came to office in November 1981.

The trouble is that in many ways the opportunity created by the generals' advent to power of tackling the issues dividing the two neighbours has already been lost. Turkey is increasingly taking on o pre-electoral atmosphere and the generals are beginning to have to respond to public opiniou rather than merely mould it. Few diplomats in Ankara now expect substantive talks in the near future, whether on Greek-Turkish relotions or on Cyprus.

For the generals, Dr Papandreou has uot been an easy neighbour. Inside the EEC, his Government has been a constant thorn in their side. It has railed against starting disbursement of the £600m aid due to Turkey, under the fourth financial protocol and caused Turkey difficulties for its raisin and fig exports.

Other irritants include the welcome Athens has given to men sought by the Turkish police, in particular the film director, Mr Yilmaz Guney. But the major problems have been Dr Papandreou's continuous impugning of Turkish intentions and the support be has given to internationalising the Cyprus issue by raising it in every forum possible.

Add to this the recent difficulties which the Greek lobby in tho U.S. Congress has caused to President Ronald Reagan's aid request for Turkey and the whole is a recipe for considerable sourness.

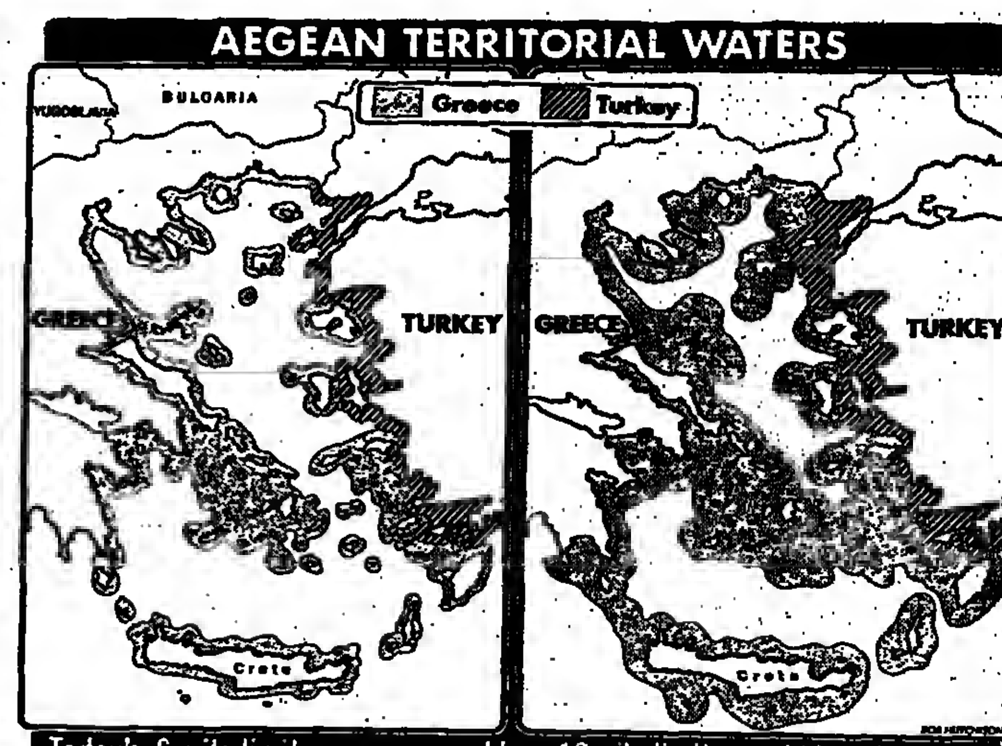
Yet the tone adopted by Ankara today is relatively restrained. Mr Ilter Turkmen, the foreign minister, had long considered that the dialogue between the two countries should be resumed.

At present there seems little chance of progress being made towards agreeing Nato command and control arrangements for the Aegean. Previous arrangements were suspended after the Cyprus crisis in 1974. Instead the two countries continue to differ over air, sea, land and people.

The root problems are the Greeks' fear that the Turks covet their outlying Greek islands just off the Turkish coast and the Turks' concern that the Greeks may try to use those islands to cut the Turks' links with the outside world. (See map.)

Such anxieties underlie the often arcane debate over air traffic control, sea-rescue responsibilities and seabed delimitation.

The most dangerous issue remains that of Greece's territorial waters. These are now six miles wide but Turkey would be largely cut off from international water if Greece raised them to 12 miles as appears its right under the new United Nations Law of the Seo Convention.



Today's 6 mile limits ....and how 12 mile limits would hem in Turkey

The Turks, who have not signed the convention, appear unimpressed by the unimpeded transit rights which the convention gives for ships crossing internotional straits. Instead they continue to repeat that it would be a *casus belli* if Greece should go to 12 miles.

More concretely Admiral Bulent Ulusu, the Turkish Prime Minister, has said there are "serious indications" that Greece has issued petroleum exploration licences outsido its territorial waters.

Where Cyprus is concerned, Turkish officials who used to argue that the military régime in Ankara could make compromises difficult for a civilian government. The same officials now expect no progress in the foreseeable future.

In this context the Turks quote with concern a statement by President Constantine Karamanlis of Greece on April 7 describing the 1960 independence of Cyprus as "an independence which would allow Cyprus to develop as an exemplary state in the eastern Mediterranean, without dismissing the hope of union with Greece (*Enosis*)...."

The basic Turkish concern remains the determination to prevent Cyprus from becoming another potential base for Greek air operations against Anatolia.

But the Turkish side's distrust for the Greek Cypriots is profound—and has recently been deepened by unconfirmed reports that southern Cyprus is harbouring Armenian terrorists who have fled Beirut, and by the Greek Cypriots' campaign against one of the few successful Turkish Cypriot businessmen, Mr Asil Nadir of that erstwhile star of the British stock exchange, Polly Peck.

D.T.

Generals retain grip

CONTINUED FROM PREVIOUS PAGE

developments make the task of any ruler hard in Turkey.

For while the generals set out to transform the nature of Turkey they have often found the task too great. Take land reform, for instance, a measure essential to tackle the feudal conditions breeding much of the unrest in the Kurdish areas. Despite promises to introduce this, various draft bills have all had to be withdrawn in the face of the entrenched opposition of the land owners' lobby in Ankara. The pace of structural reform has slowed elsewhere too. While a major start has been made in opening up the country to foreign investment, ottempts to liberalise its import regime have made only limited progress. The Ministry of Customs remains a key power in the land with even Turkey's military having sometimes to ask foreign embassies to help it bring defence material into the country. Bureaucratic red tape continues, the state economic enterprises remain largely unreconstructed, and, despite the current banking reform, the country's financial sector is still its Achilles heel.

That said, progress is undeniable in the economy, and is likely to continue. And in the end it will be this which will most probably determine the stability of what the generals have created.

The last three military interventions in the country have all followed ecouomic crises. Now, helped by austerity at home and a major fall in workers' real pay recovery is under way.

A new mood has been instilled in Turkish business. The doubling of exports between 1980 and 1982 has been accompanied by the build up of an over $13bn order book by Turkey's contractors. Foreign investors are welcomed both by the Government and the country's major industrial groups. Unemployment is around 18 per cent and may be hard to cut, but the economy is growing.

This could, and should continue, and the November elections could and should see better management of thi country than preceded the fractious pre-coup days.

One month after seizing power General Evren told cadets: "Whatever you do, stay out of politics." Today, however, the Turkish military is integral to the country's future. The Janissaries' march continues.

Most of the equipment is publicly described as of 'Korean-war' vintage, says **Terry Povey**

Why weaponry falls short of Nato's hopes

"IT WOULD take $2bn a year for a decade to modernise and re-equip Turkey's armed forces so that they could carry out the tasks assigned to them by Nato," claimed an U.S. diplomat in Ankara as Congress was heatedly debating proposals for over $700m 1984 military aid package to the Alliance's most easterly member.

For the generals the extent of the financial commitment from fellow Nato members to the modernisation of their forces is an acid test of the attitude of each of tha alliance's members to Turkey. Only West Germany and the U.S. ($470m in 1983) provide aid and even arms deals between the UK and Turkey have been held up by lack of export credit guarantee cover.

Dependent

Most of the weaponry in the Turkish armed forces is publicly described as of "Korean-war vintage" and the scale of the problem becomes clear if one examines three critical areas—aircraft, tanks and ships.

Apart from a limited number of Phantoms (F4Es) the air force is still heavily dependent on the *F104-Starfighter (known* in Germany as the "pilot-killer" following s series of fatal crashes involving the aircraft) and even more antiquated F100.

For years a plan to buy almost 300 planes at a cost of between $7bn and $10bn was said to be on the cards. In January, however, both Northrop and McDonnell Douglas separately made offers of 100 planes for $2bn. Northrop was offering 40 F-184s and 60 F-20s while McDonnell was offering initially the F-18A to be followed later this decade by the F-20.

Both have tried to soften the payment terms to meet Turkey's still strained financial position by proposing offset and delayed payment schemes. However, with the memory of its debt problems of three years ago still fresh in its mind, the Government has twice postponed making a firm decision.

It is said to be still investigating terms offered by thesa two companies and by their competitor, General Dynamics. The latest date given for a decision is late May or June but Western defence attaches expect that this might be further delayed.

Meanwhile it is expected that Turkey will purchase some 35 Phantoms from Egypt and that some military transport aircraft will be bought elsewhere to improve the mobility of Nato'e second largest ground force.

As far as tanks are concerned the picture is even bleaker, with a heavy reliance on old American models, most of them purchased second-hand just after World War II. The M-47 ("a miracle that any of them are still working") and the M-48 form the bulk of Turkey's 3,000-strong tank force. A modernisation programme based in Kayseri which will upgrade the M-48s with new diesel engines and main armament is currently under way at s cost of some $70m a year.

The one bright spot on this front is the soon expected delivery to Turkey of 70 Leopard MKI tanks under West Germany's military aid programme—currently valned at DM 120m over an 18-month period.

West Germany is also providing assistance with the modernisation of the country's naval forces. Two Dogan class gunboats are currently under construction in Germany plus s further two being built in Turkey's naval shipyard at Golcuk. A Class 209 submarine is also currently under construction in the same yard—again thanks to German financial assistance.

The UK has provided only very minor military aid to Turkey—a one-off £3m package of second-hand ammunition last year. However, there is a deal for some £50m for a Rapier missile air defence system in the offing with British Aerospace, although lack of export credit cover is said to be an obstacle.

As for Turkey's own efforts to manufacture military hardware these are centred at the MKEK complex at Kirikkale, just east of the capital. Here seven factories manufacture automatic rifles, sidearms, mortars, machine guns, hand grenades and ammunition. The HAR anti-tank rocket is also produced by MKEK.

One major development has been on the electronics side, with the development of printed circuit manufacture by the Asalsan company. This has enabled Turkey to produce a wide range of military communications equipment under licence from companies such as Plessey and Racal. However, the production line for these circuits is said to be highly labour-intensive, as with most of the military manufacturing industries. Short of a massive injection of funds and the importing of more advanced technology, it cannot be expected to challenge the role, even in a small way, of the Western arms manufacturers.

The paucity of Turkey's arsenal was well demonstrated during winter manoeuvres this year—held some 60km from the Soviet border. There were no special assault helicopters, just ancient tanks and an almost *complete* absence of the standard anti-tank missile systems considered essential for modern warfare. The key manoeuvre of the exercise had to be called off because of fog, so bringing home to the watching General Evren (and he must have hoped, to the Nato observers present) just how far Turkey had to go before it would be able to mount an effective response to the invasion from the north-east that is the obsession of the military strategists.

Meanwhile, Turkey's leaders watch with a mixture of anger and puzzlement as Congress appears more concerned with the Greek, Armenian or human rights lobbies than it does in providing Turkey with the cash to buy some of the arms its allies say it needs.

Terry Kirk

Veterans under a statue of Kemal Ataturk who led them to the Republic's victorious independence struggle.

Relations with EEC soured by human rights issue

THE ATTITUDE adopted by the EEC Council of Ministers towards Turkey since the coup in Ankara would suggest that virtually nothing mattered more to Community Governments than the preservation of human rigbts and democratic institutions.

Financial aid has been beld up, political contacts between the Community and Turkey kept to a minimum and three member states—France, Netherlands and Denmark—have even been part of s complaint against Turkey to the European Commission on Human Rights at Strasbourg. Turkey's strategic importance as a member of Nato has seemed to count for nought in many European capitals and tha special relationship conferred by its association agreement with the EEC even less.

The Europeans could not, of course, bave been expected to applaud the overthrow of democratic institutions by General Evren and his colleagues. But their reaction as a Community has seemed more unrelenting than that taken within tha Council of Europe or even, for that matter, by the European Parliament. Why?

Any explanation must begin by pointing out some rather important differences between EEC member states on the subject, France, the Netherlands, Denmark and Greece are the hard liners; the countries ready and anxious to maintain every pressure on Ankara to stick by or even accelerate its timetable for restoring democracy.

The social and political liberalism of the Dutch and Danish peoples does a lot to explain their strong disapproval of the suppression of democracy in Turkey and of the loss of civil rights of leading politicians and trade union leaders. But European trade unions were also extremely active in bringing their pressure to bear in defence of their Turkisb brethren in Disk, and this was very influential on the Socialist Government in France. Students of French diplomacy say that Paris was particularly vulnerable to such lobbying because France has never had a clearly defined policy towards Turkey except one of mistrust of a country which was on the opposing side in two world wars.

The hostility of Graeco-Turkish relations has, meanwhile, dominated the history of the Eastern Mediterranean for centuries. Turkey's bad odour with tha EEC bas been no cause for regret in Athens which has even been attempting to exploit the situation by trying to involve the EEC in the Cyprus problem.

By contrast, Britain, West Germany and Belgium have been much more sympathetic towards Ankara's demands for better treatment and consideration from the Community. They have recently been broadly in favour of releasing around $600m aid from the EEC's fourth financial protocol with Turkey which has been blocked because of the coup.

Most of the EEC would be reluctant to grant Turkey membership. They could not, however, refuse a democratic Turkey a chance to negotiate entry.

They have been more satisfied with the Evren regime's programme for restoring democracy and more ready to accept that the overwhelming vote in last November's referendum in favour of the draft constitution was a true expression of public opinion. But Herr Hans Dietrich Genscher, the West German foreign minister, bas been unable to use his position until the end of June as President of the EEC's Council of Ministers to push forward the normalisation of relations with Ankara by agreeing to Turkey's request for a meeting at ministerial level of the EEC-Turkey Association Council and by unfreezing part of the financial protocol.

Herr Genscber'a ambitions were partly a response to the anxieties of the large Turkish minority in Germany but also, like Britain and Belgium, to U.S. pressure for a more conciliatory approach. As leader of the Nato alliance, the U.S. sees domestic stability in Turkey and the promotion of the strongest possible ties between Turkey and the rest of Europe as key priorities and is impatient with its European allies if they take a different view.

The Community hrs thus become gradually divided in its attitude to Turkey and, indeed, these divisions have produced inconsistencies. The West German Bundestag voted a $165m aid package for Ankara last December while the Community money stays locked up. The French, the Dutch and the Danes will not sit down with a Turkish minister in the Association Council framework but they do within Nato.

Given these divisions, it is rather surprising that no member state bas insisted on a thorough re-evaluation of the Community's policy in the light of last November's referendum and the Evren regime's recent commitment to hold legislative elections next November.

Part of the explanation for the political inertia in Brussels lies in the fact that the Ankara government has made few concessions to liberal opinion in Europe. Despite many protests from abroad, the regime is pressing bard with the trials of over 70 trade unionists who face the ultimate sanction of the death penalty.

Mr Bulent Ecevit, the former prime minister has been imprisoned for communicating bis views on the regime's policies.

Trade tensions have also strained tempers on both sides. The Community has slapped import restrictions on imports of Turkish T-shirts and cotton cloth on the grounds that a massive growth in shipments was damaging the domestic European industry. Ankara regards this as an extremely unfriendly act which should not even be possible under the association agreement.

Anything, however, is possible when political sympathy bas drained away. The import restrictions imposed in March of this year were part of a tit-for-tat sequence of actions which began with the imposition by the Community in April 1982 of a definitive anti-dumping duty on Turkish cottoo yarn.

Turkey *responded by sticking* a 15 per cent import duty on most steel products from the Community. It then tightened the screw by apparently issuing instructions through the Ministry of Commerce for a clampdown on imports from France. Protests from Paris and Brussels bave brought a climbdown by the Turkish authorities, although French exporters claim that they are still encountering problems.

Efforts to heal these abrasions are not making much headway. An agreement has been negotiated between the European Commission and Ankara governing exports of cotton yarn for 1983 but this is being blocked by France which is demanding s global agreement covering most categories of Turkish textiles and the Ankara government wilt have nothing formally to do with the idea.

A final crucial factor militating against a swift thaw in EEC-Turkey relations is the absence of a clear vision among the Ten of what the long-term relationship with Ankara might be.

But the dilemma which will soon loom over the Community is how to respond to a Turkish application for membership. Mr Ilter Turkmen, Turkey's foreign minister, is quite firm in his insistence that his country is a candidate for membership.

Unable to complete enlargement negotiations with Spain and Portugal, most of the Community would be reluctant to add Turkey to the list of aspiring members. They could not, however, outrightly refuse a democratic Turkey an opportunity to negotiate membership.

The general view in Brussels, however is that it would be better for everyone if Turkey maintained a proper regard for the Community but was a little less in love with the idea of belonging to it.

John Wyles

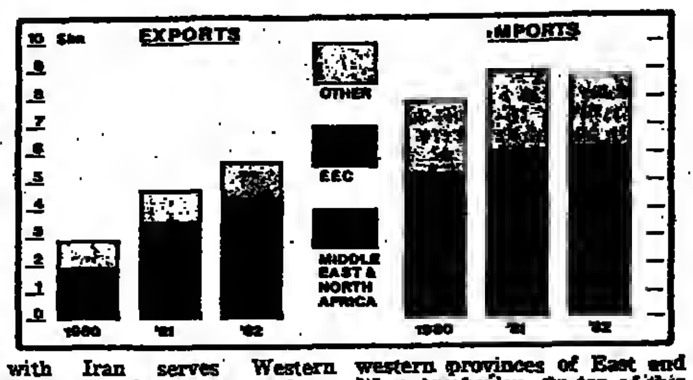
Neutral stance on Middle East

FOR THE first time since the post-World War One break-up of the Ottoman Empire, the Middle East has become the most important single market for Turkey's goods. Helping the rapid expansion of trade—up four times in value over the past three years—has been the calculatedly neutral stance on the issues that divide the region which Turkey has developed in the past decade.

The Middle East is now Turkey's most important single market. Above, lorries park in the Inonu stadium in Istanbul. Most are used on routes to the Middle East.

The current emphasis is summed up by a foreign ministry official: "Turkey now considers itself a Middle Eastern Mediterranean and European country." He might also add that Turkey, officially secular since the formation of the modern state in 1924, is not averse at playing the Islamic card when it seems useful.

In taking a more decidedly neutral stance in the region Turkey has had to distance itself from the U.S. position to some extent and there is clearly some tension between the two countries on Middle East policy matters.



However, Turkey had its own obstacles to overcome before it could expand its bilateral relationships with its neighbours. The legacy of the Ottoman Empire was the least difficult as the country has no on-going border disputes with anyone other than fellow Nato member Greece, over the Aegean Sea and, of course, over Cyprus.

On the PLO, Turkey was the first Nato member but one of the last of the major Moslem states to give diplomatic recognition to the organisation. Currently there are five Palestinian diplomats acredited to Ankara and these clearly enjoy a status superior to that of Israel's limited delegation.

Exchange

On the other major regional issue of the moment, the Iran-Iraq war, Turkey's neutrality was underlined at the end of last month by the choice of Ankara as the site of the second prisoner exchange of the two and a half year old war.

Commenting on the Gulf war, officials speak of "strict neutrality, no arms or ammunition sold or moved across our territory to either of the belligerents." Turkey has several times offered itself as a mediator to get peace talks underway and there is considerable concern over this "foolish and expensive war."

However, none of the mediation offers have been taken up.

Foreign ministry officials are especially proud of their success in cultivating trade and political relations with Iran—a thorny task few have been willing to take on, let alone do well at, over the last three years.

"We think good relations with Iran serves Western interests. Of course we have difficulties in dealing with Iran but isolating it would be against all our interests and might push it towards the Soviets," says a senior official.

The return from such an open handed policy towards Iran has been enormous. In 1980 a mere $85m worth of exports were many times outweighed by more than $800m in oil imports. By last year a more than nine-fold increase had taken Turkish sales to its eastern neighbour almost up to $800m whilst lower oil prices had seen the import bill fall to US$748m.

In 1983, according to a new annual trade agreement signed at the end of April (following a visit by a 75-strong delegation from Iran—probably the largest sent overseas since the Islamic revolution in 1979), exports to Iran are targeted at $1bn balanced more or less exactly by 5m tonnes of oil (at "around $28 per barrel").

This trade is handled through a clearing account operated between the central banks of both countries with a very generous credit limit of $300m on either side before cash payments need to be made. This will allow Turkey a not insignificant amount of oil purchasing credit should it run into any difficulties in mid-year.

On top of this there is a further $500m in trade (food for oil from the Tabriz refinery) between Turkey's eastern provinces and Iran's two north-western provinces of East and West Azerbaijan. On top of this again is some $200m earned from the transit trade of foreign goods across Turkey to Iran.

Although on the Turkish end the various deals are done primarily by private companies they get their payments, in lira, direct from the central bank. However, such deals are considered foreign currency ones and the lower interest rates for financing them are available to the exporters concerned.

A larger problem to surmount was the distance that had grown up between secular, Western oriented, non-Arab Turkey and its neighbours. "Some of these even saw Ataturk's Turkey as a blasphemous state. Others thought our close relations with the U.S. made us the Trojan horse of Nato in the region."

Recognition

Officials now freely admit that too great a closeness to Western thinking has, in the past, led Turkey to make "diplomatic errors" that have soured regional relations. Voting with France against the independence of Algeria and quickly recognising Syria after the break up of the Nasser-inspired union with Egypt are two issues frequently mentioned.

"We also took sides in internal Arab disputes and this was a mistake. Now we stay clear of such things and have good bilateral relations with all the states in the region regardless of their political attitudes."

On one issue, however, Turkey has not been able to sit so easily on the fence—that of recognition of and diplomatic relations with Israel. The more it has turned to the Middle East, and in particular to Libya and Saudi Arabia, for markets the greater has been the pressure to cut relations. Responding to this, and to its own policy positions, Turkey reduced the level of representation between the two countries to that of second secretary after Jerusalem was declared the Israeli capital.

Countering Arab pressure for a severance of relations are those from the U.S. It seems that although many officials are unhappy about the existence of relations with Israel these will continue so as not to offend Turkey's principal ally but that they will be continued at the lowest level possible.

There is some concern at Turkey's ability to keep up its rate of expansion of trade with Iran. The figures for 1982 were distorted by the carrying over from 1981 of a $250m oil payment debt. Currently about 20 per cent of the sales to Iran are of re-exported goods and this proportion may increase if Turkey cannot supply enough items of the right quality this year. According to the April agreement some $300-350m would be foodstuffs (including meat), $300m would be textiles with the rest being industrial products, iron and steel.

Trade with the other protagonist in the Gulf War, Iraq, has also grown sharply, from $35m in 1980 to a projected $600m in 1983, though there have been recent signs of a slow down.

In other parts of the region the trend is still generally upwards.

According to a senior Foreign Ministry official "trade with the Middle East is helping to modernise and restructure Turkish industry and for the first time ever our exports of industrial goods are exceeding sales of agricultural products."

Terry Povey

Hard times for the 'Almanyali'

THE Paul-Kemp Strasse is a street typical of the Rhenish town of Bad Godesberg. The houses are of solid brick, with whimsical moulding on windows and cornices, the style of the late 19th century Gruenderzeit when the town was fashionable as a spa. There is a shop selling fancifully priced English furniture and two smart pubs, popular with men smoking pipes and predatory divorcees.

There is, however, a butcher's shop whose Arabic sign promises meat killed according to the Islamic custom and the Porsches parked on the river side of the street find no echo on the other, the railway, side. The railway-side houses were once condemned and cleared by the town authorities in preparation for a development scheme, which fortunately proved too expensive. Into the vacuum moved Turks.

"The integration of the foreigners living among us is an important aim of our policy to foreigners," Chancellor Helmut Kohl said in his first government declaration after coming to power. "No one will accept the creation of ghettoes in society," says Mr Nurettin Nurkan, counsellor at the Turkish Embassy a couple of miles upstream from the Paul-Kemp Strasse.

"No, no ghettoes," say the guests in the Bach-Schaenke but the family of Ali, who live opposite the pub, are under the impression they would not be allowed in. Not that they would want to go in. The Tuerkischer Verein, just across the railway tracks in Moltke Strasse, gives the men of the street a place to drink tea and play backgammon at the weekends or in the evenings after returning from the Ringsdorfwerke, a factory which makes graphite for industrial uses where many of them work. It also arranges family excursions by bus to such far-flung places as Paris.

There are 4.7m foreigners officially registered in West Germany, of which the Turks are by far the largest group, numbering about 1.6m, the overwhelming majority from villages in Anatolia. In 1961, when the first recruitment agreements were made, there were half a million job vacancies in Germany and only 180,000 applicants. Today, just under 10 per cent of the total workforce in Germany is unemployed and the figure is rising despite some signs of economic recovery. Unemployment among the Turks is reckoned to be about double that percentage.

Despite a complete ban on recruitment outside the European Community in 1973, the number of Turks has risen by fits and starts. The Turkish communities are mostly concentrated in the Rhur, where Turkish workers have taken over from the Poles in the mines and steelworks, in the agglomeration round Frankfurt and in Berlin, where the suburb of Kreuzberg under the wall has become a sort of Turkish buffer between East and West. Unlike the Yugoslavs or Italians, the Turks stick out.

"While the economy boomed, nobody really minded us," says Ahmed, who in contrast to his friend Ali, speaks excellent German, is on the works council at the Ringsdorfwerke and busies himself over Turkish affairs with the town authorities.

There are 4.7m foreigners in West Germany, of which the Turks are by far the biggest group

According to most accounts, resentment against foreigners reached its first peak in 1980 when the number of applicants for political asylum doubled to 100,000 in response to military rule in Turkey and turmoil in South-East Asia. Since then, relations have soured with the very sharp rise in unemployment.

"Make no mistake. Our foreigner problem is a Turkish problem," says the conservative prime minister of a neighbouring federal state. "My God, there are 13 mosques in Frankfurt," says Herr Alfred Dregger, parliamentary floor leader of Herr Kohl's Christian Democrats.

"Not the Koran, but the Basic Law is and remains the constitution of Federal Germany," Dr Heiner Geissler, the CDU general secretary, told a conference of his party last October to thunderous applause. Herr Kohl himself uses the word Turk and the word foreigner interchangeably.

Nonetheless the new centre-right coalition government is attempting to follow a "humane policy to foreigners" based on three principles:

- Integration without loss of own identity;
- A halt to new immigration, including the bringing of wives and children;
- Assistance to those who want to return home.

However, many even in the Government, leaving aside the Turkish embassy and such independent studies as that carried out by the Berlin Economic Institute (DIW) last September, see no alternative to integration.

Proposals to reduce the age above which children can join their parents in Germany from 16 to 6, which even those in Ali's guest room see as sensible in terms of schooling, could well clash with Dr Geissler's Basic Law. DIW believes anyway that the great wave of Turkish family reunification (some 150,000 children) passed at the turn of the 1980s.

As for encouragement to return home, 10 per cent unemployment in Germany is still preferable to 18 per cent in Turkey (itself a modest assessment). A joint Turkish-German programme, with some DM 40m to spend this year, has been seeking to set up businesses for returning guest workers in Turkey and some 262 projects, mostly in agriculture or agri-business, have been started or planned.

But another of Ali's friends, a carpenter called Ihsan who arrived in 1969 and speaks German with a Rhineland accent, has no intention of returning home until he has saved enough to set up on his own.

"It would take me and my wife about two years to adjust. What about the younger people who have been to Turkey only on holiday and don't speak the language very well?" It is the second and third generation of "Almanyali" who have a horror of returning.

The attitude of the Ankara Government may be surmised from its planning for 1983. Ankara is hoping for remittance of some $2.25bn (around $1.5bn from Germany) to plug the hole in its trade balance of $2.8bn.

"There is no alternative to integration even in economically bad times," says DIW. But how realistic is this notion when both cultures are fairly inflexible? Even the Social Democrats, while steering clear of talk about mosques, say in their programme: "Even girls from Islamic culture must be obliged to go to school. Otherwise, if necessary, parents should be punished."

The older womenfolk in Ali's house wear scarves round their hair and, but for their expensive spectacles and well-kept teeth, might be relatively prosperous village women. The exception is his clever 18-year-old daughter, Saliha, who wants to study at Konya rather than Bonn university. "I hold fast to Turkey," she says. Ahmed, whose violent opinions are excused by his standing in the community, says: "You can cut off a pig's nose but he will always be a pig. I will always be called Ahmed. Anyway, citizenship never did the Jews any good, did it?"

Ahmed also put his finger on a growing development, which is disturbing many on both sides. "We set up a prayer room at the Verein, because the Bonn mosque has been taken over by Khomeinists, people with beards, bad people, against the ideas of Ataturk."

This may be an exaggeration, but many independent observers have noted a growing trend towards fundamentalism among Turks in Germany. Professor Stefan Wild, head of the oriental faculty of Bonn University, says: "A sizeable number are tending towards fundamentalism. We have found that even educated students are so completely disoriented that they drift towards nationalism or fundamentalism."

The Turkish embassy says it is more anxious about left-wing extremism but the growth of Islamic self-consciousness, above all in the Ruhr, holds greater dangers for relations with the Germans.

A long report on conditions in the Ruhr in the Hamburg magazine, *Der Spiegel*, produced a stream of letters. One from Prof. Manfred Schweres of Duisburg said: "Whoever, after reading your excellent investigation, still dreams that the Turks can be integrated into our Federal Republic is just a hopeless dreamer. The same is true of other Moslem non-Europeans, such as Moroccans, Abyssinians, Afghans, Pakistanis and so on."

James Buchan

THE GENERALS' CONSTITUTION

The President. Once General Evren's seven-year term expires, presidents will be elected by the Grand National Assembly for a single six-year term. The president selects and appoints the Prime Minister though has limited powers to dissolve parliament.

He can return laws and constitutional amendments to the GNA for reconsideration and submit the amendments to a referendum. There is no appeal to any body against any decision he takes on his own initiative.

In conjunction with the council of ministers he appoints the chief of general staff and can proclaim martial law. He appoints university rectors and members of the council overseeing the university. He appoints the members of the constitutional court and the top civilian and military judges. He may be impeached for treason following a vote by three-quarters of the GNA, but is otherwise immune from prosecution.

The Grand National Assembly. Consists of 400 members elected for a five-year term. Turks convicted or merely accused of ideological crimes cannot be elected to the GNA. Officials, union leaders, military officers and university staff must resign their posts before standing for election.

Unions. May not pursue a political cause or give to or receive support from a political party.

Right to Strike. Severely circumscribed. It may not be exercised "to the detriment of society and in a manner damaging national wealth." Politically motivated labour action and picketing are forbidden. Unions are liable for damage to the work place. Compulsory and binding arbitration is foreseen.

The Former politicians. 242 are banned from all political activity for 10 years and a further 500 cannot hold office in parties for five years though may be elected to the GNA.

Right of Assembly. Public meetings may be postponed for up to two months "where the requirements of national security may be violated."

Freedom of Association. No association may indulge in any political activity.

Freedom of Publication. Threatening national security or the integrity of the state —i.e. by dealing with the Kurdish issue—is grounds for confiscation of printiog presses.

The present National Security Council. For six years General Evren's fellow commanders may investigate any matter and most proposed legislation, and advise the President on elections, martial law, the management of state broadcasting, and education.

Constitutional Amendments. These require a two-thirds vote by the GNA. The president may submit an amendments to referendum and, until 1988, require a three-quarters vote by the GNA.

Immunity for the present regime and its organs. This is absolute.

Verdict of the Legal Affairs Committee of the Parliamentary Assembly of the Council of Europe: "Raises serious concerns on many points . . . deprivation of life is provided for in widely formulated cases . . . rules for the press and for radio and television are very strict . . . political parties are seriously fettered . . . a detailed regulation of trade unions which does not normally belong in a constitution . . . (the president's role) can hardly be reconciled with democratic principles . . . falls to a large extent short of the standards set by the European Convention on Human Rights."

Former Prime Minister Suleyman Demirel, banned for 10 years

David Tonge describes the changing political framework

Six-month countdown to a guided democracy

YESTERDAY the interregnum began. For the six months until the general elections due on November 6, Turkey will be living with a Government with minimal roots and parties with no authority. It is an unnatural and potentially unstable period, yet everybody has an interest in making a success of it.

Today's ministers, led by Prime Minister Bulent Ulusu, want to leave their offices having achieved the restoration of civilian rule. Tomorrow's politicians want duly to move in and take over the running of the state. And the military want to step back and watch a new and tidy Turkey grow under their tutelage.

Only the ministers seem liable to be satisfied. The institutions created by the military are designed to make sure that many of the levers of influence will remain with officers who seized power in the early hours of September 12, 1980. The politicians who yesterday began applying to register their parties know that. But many also believe that the generals have given themselves rights which they may find difficult to use, however determined they now seem.

Already the entrenched power of the parties banned by the generals has proved too strong for one of the men they have had deputed to form a fresh alternative.

With this in mind the political pundits of Ankara and Istanbul are questioning the viability of the 10-year bans on 242 politicians including former Prime Ministers Mr Suleyman Demirel and Mr Bulent Ecevit. They are also asking how possible it will be to implement the permanent prohibition on debating every single action taken by the commanders since 1980 when these affect almost every aspect of Turkey's life.

Only three weeks have passed since the generals reallowed a range of political activity and it is of course early days to chart what lies ahead in the six months before elections. But even in the first moments a shift in mood became apparent.

For, as the Turks cast their eyes to the future instead of the past, old *patterns of* thought *are beginning to re*-emerge. Among these patterns is the resentment of the overbearing influence of the state which was so crucial a factor in the 1950 defeat of the Republican People's Party, the party of Kemal Ataturk, the Republic's founder and the generals' mentor.

There is no question about the regime still being strongly praised for having ended the terror which cost 5,000 lives in the years before the coup. Indeed, many of the Turks who have slept easily in the past 32 months are frightened that the return of civilian government will lead inexorably to the resumption of this terror. For this group the attention now given to the would-be politicians in the country's newspapers and the surge of political speculation are disturbing reminders of an unhappy past. It is in part in response to such concerns that General Kenan Evren, the President, has already felt the need to criticise the many groups seeking to set up parties.

But the other side of the coin is shown in the sudden readiness of numerous Turks to tell strangers they meet for the first time that military rule has lasted long enough. This phenomenon is more revealing than the intensified criticism which, with enforced anonymity, the liberal elite and former politicians voice to journalists they have known for years. But it all adds up to evidence of a new stirring among the Turks as the prospect emerges of an alternative to today's arbitrariness.

The generals have done their best to ensure that this alternative bears little resemblance to the largely liberal structures of the past.

* * *

The constitution introduced in November is presidential in concept and outhoritarian in detail. It states that "no protection shall be afforded to thoughts or opinions contrary to Turkey's national interests," a catch-all which past experience shows could be widely used.

The details outlined above show the determination of the generals to produce a "guided democracy" over which they will retain considerable control.

The constitution was approved by a 91.4 per cent vote after a one-sided campaign, with no alternative offered and opponents subject to intimidation. The constitution has since been buttressed by a party law, with election, union, collective bargaining, Press and special security court laws following.

In brief, the party and election laws are intended to result in large, moderate parties in parliament while restricting their ability to develop mass organisations outside. Parties may not have any link with the union movement or any professional bodies, or form youth or women's group's. Their local activities are limited while their administration is subject to strong official control. Their founding members must be approved by the military. If banned politicians assist in their founding the parties too can be banned. As in West Germany, parties have to obtain more than a certain share of the vote to be represented in parliament, but the share involved is double West Germany's 5 per cent.

The shape of the union laws has already been dictated by the constitution with compulsory arbitration a major feature and the right to strike circumscribed. (There had been a rash of strikes before the coup.) Jouroalists are expressing considerable concern over the impending Press law.

* * *

This then is the backdrop for the tango which Turkey's political debutantes have been dancing in the smoky salons of Ankara and Istanbul. some believe that the system can work and point to the way the military have set up road blocks on every avenue leading to change. Others argue that it will be unable to handle the realities of a changing world. "We don't need to panic. In two years at most the generals' creations will begin to unravel," one prominent ex-politician argues. His expectation is that midway through the next parliament the banned politicians will again be in the limelight. The military's hope appears to be that once new politicians are in the saddle they will refuse to dismount for their former leaders.

Mr Demirel, last head of the conservative Justice Party, still receives dozens of ex-ministers and politicians a day in his book-lined office. Mr Ecevit, former president of the left-of-centre Republican People's Party, is on less good terms with many of his former colleagues and is drafting a book on social democracy in Scandinavia. Both have to keep their powder dry, for their potential allies' sake. But their influence is still pervasive.

There is still considerable elbowing for space between men who have flourished under the generals and the old parties' machinery. On the right the generals have encouraged Gen (rtd) Turgut Sunalp to form a loyalist party. The general — once General Evren's superior—made a mark as one of the more brilliant of his age-group of officers. He was also involved in the abortive attempts by the military to have their candidate for president accepted by parliament in 1973.

Such a party can be expected to appeal to those who consider the suppression of terror the most crucial factor. Mr Turgut Ozal, the generals' former economic tsar, is picking up the support of many businessmen who remember his efforts to take the state off their backs. Mr Ozal's social programme is strongly conservative, but could appeal to those who supported the pro-Islamic National Salvation Party, even if he is at odds with the former leadership of that party.

Admiral (retired) Bulent Ulusu: the generals' Prime Minister.

Groups of conservative iotellectuals have also come forward, though they may not stay the course. Most important on this side of the political spectrum *is expected* to be those with *the support* of the old Justice Party machinery of local notables. Mr Husamettin Cindoruk, the party's former organiser in Istanbul, is one of the figures emerging on this side.

On the left it is unclear how the non-conservative industrial worker—not a large section of Turkey's population—will be represented. The Turkish Worker's Party has been banned and unions may not form links with parties. The main force is likely to be a social democratic movement, drawing on the old Republican People's Party, blending its left-of-centre policies of the 1970s with its etatist traditioos of the 1930s. The constitution does not allow members of the old RPP to form the majority in any new party: unfortunately for the RPP its membership files were computerised.

For all the parties the fact is that six months provides them with little time to organise. They are thus obliged to continue on the lines of the generals, that is building the institutions of the future starting with the roof rather than with the foundations. It remains to be seen how stable the result will prove.

TURKEY'S POLITICAL PAST

How the main parties polled in past general elections

	Character	1969	1973	1977
Justice Party	Conservative	46.5	29.8	36.9
Democrat Party	Same origins as JP	—	11.9	1.9
Nationalist Action Party	Neo-fascist	3.0	3.4	6.4
National Salvation Party	Pro-Islamic	—	11.8	8.5
Republican Peoples Party	Left of centre	27.4	33.3	41.3
Turkish Workers Party	Left wing	3	—	0.1

The military is accepted as the bedrock of the country's identity, says **John Davis**

Army retains central role in national life

Terry Kirk

Obedience is everything for conscripts.

THE TURKISH armed forces, Turkish civilians sometimes ruefully remark, are the country's one institution that really works. Even a casual visitor to Turkey is struck by their firm imprint on national life. Even in calm times soldiers and sentries are everywhere. Military zones and bases take up large areas which in another country would be reserved for tourism — for instance the hills around the top of the Bosphorus. No evening's television goes by without film of a parade or military ceremony.

Lord Curzon, a shrewd but unfriendly observer, called the Turks a nation of private soldiers. If that was so at the beginning of this century, it is even more apparent today. The effect of three decades of unsuccessful civilian rule had been to pull the army firmly to the centre of national life, and it is unlikely to lose its dominant role in the near future. For every intellectual who jokes bitterly about Turkey being a country occupied by its ewn army, there are probably 10,000 Turks who unquestionably accept the military's claim to be the bedrock of their nation's identity.

Turkish soldiers conquered Anatolia from the Byzantines in the Middle Ages and repulsed invaders during Werld War 1 and afterwards. The army has restored normal life and held together shattered communities, for instance towns like Corum, which lived on the edge of a sectarian bloodbath before 1980.

Turkey's ousted civilian politicians mostly accept these claims. "There is only one Turkish army, and if it goes it cannot be replaced; but if ona party is eliminated, another can always be created in its place," says a politician who has seemingly had his career ended by the army's intervention.

For ordinary Turks the 20 months of conscription are a formative, though also very gruelling, experience. "Obedience is everything," said one sergeant after his demobilisation. "Disobey an order and you get struck. Later you get the chance to do the striking and give the orders." There is a substantial stress on inculcating a nationalist outlook, and most Turks defend conscription in that light. Very few ask themselves whether Turkey's external defence might be better guaranteed by a smaller and technologically more professional army which did not rely on conscription.

Private soldiers, all conscripts, earn the equivalent ef around 20p a menth, but because of the huge numbers involved (in 1982 Turkey had 600,000 men under arms), defence expenditure is stretched close to breaking point, and expenditure on modernisation has long lagged behind.

Dragged into the political arena since 1960 but with an education and a life-style that filters out political sophistication, Turkey's professional officer corps faces real burdens as well as privileges. Most come from moderately prosperous provincial backgrounds or are the sons of minor officials. Once they pass the examinations for the cadet academies in their early teens, the gates begin to close between them and civilian society.

Tough

An officer's military education is tough; cadets often live close to physical exhaustion. This sharpens the sense—usually never far below the surface—that Turkish army officers are people who have given important things up in life for the good of their country.

Because of the political importance of the army, the economic rewards come too. There was a hike in salaries after the 1960 coup and a further improvement in the 1970s. Even before the 1980 coup a serving efficer and his family do far better than other middle-class officials. They have the prospect ef good pensions eventually from the Turkish Armed Forces Mutual Assistance Fund, OYAK, and a likely sinecure in the private sector. There are also fringe benefits, such as the right to shop in subsidised army stores annd to use the often superbly located facilities of officers' clubs across the country.

These fringe benefits have been growing steadily over the past 20 years. The presidantial park and surrounding area in Ankara is now crowded with official residences for the top commanders and married quarters for hundreds ef officers. A future civilian Turkish president (only one of Turkey's seven presidents has not had a military career) will rub shoulders with the army every time he steps out of the doors of the presidential palace.

The ethos of officer life is one of quiet decency and piety. Though efficers loath the clericalist forms of Islam, most are somewhat pious. Inside barracks the reminders of Ataturk's legacy jostle.

Power has meant the threat of corruption. There have been five modestly publicised corruption scandals over the past year involving officers. Rumours of corruption in army units, including martial law courts, circulate and apparently somewhat worry the authorities.

The 1980 revolution maintained the chain of command inside the armed forces and there has since been an absence of any major purge of officers which is a normal feature in an army revolution. Yet jockeying for promotion is intense. A key point in Turkey's politics will be the moment when the President, General Evren, steps down as Commander of the Armed Forces. His successor will have the awkward joh of persuading his subordinates to stay in the barracks and watch some of their erstwhile comrades in arms enjoying the limelight.

Life in the army is that of a closed world. Toward foreigners attitudes are ambivalent. For many Turkish officers a spell in Naples or Brussels or the U.S. under NATO auspices is one of the nicest periods of their lives, but distrust remains. Turkish Christians are informally barred from becoming career officers (though this is not admitted). NATO military attaches can travel only 50 miles outside Ankara without getting special permission—which is by no means always given. They are more isolated than in any other NATO country. Criticism from the outside wounds easily. Beneath the boisterous cheerfulness and gallantry of officer life lies a precarious pride which turns quickly to embarrassment and then easily into anger.

It is thus difficult for new ideas to gain acceptance or imaginative solutions te emerge for long-existing problems. In their own affairs and now in civilism society, the military seem to feel that safety lies in printing established patterns deeper than ever. To some Turkish civilians this looks like an attempt to recreate civil society in the image of the army. Thus civil servants may only hang pictures of Ataturk on their office walls. MPs having their passport photographs taken must wear a tie. Even Ministers have to conform to rules banning beards for civil servants. When Mr Sermet Refik Pasin joined the Cabinet last year as Minister of State, he had to shave off the beard he had worn for all his adult life.

In short the Turkish armed forces offer their country its identity and foster a rough-edged but basically decent set of ideals (though, as in a bad public school, individuals are expected to turn a blind eye to bullying and violence needed to keep the system going as it is).

Valuable as these assets are, over the years Turkey's military has progressively changed from a force for reform in a traditional society te a major bulwark of the status quo. Some of the top commanders have a sophistication rare in Turkish life hut when it comes to rulership failures ere rarely admitted and orders must be obeyed.

PROFILE: MUMTAZ SOYSAL OF ANKARA UNIVERSITY

The professor stays put

PROF MUMTAZ SOYSAL is no quitter. Half the 80 senior staff at the faculty where he teaches, Ankara's long prestigious political sciences faculty, has been dismissed or resigned in protest at the generals' purge of Turkey's universities. But the professor is staying on.

Soysal: "I will stay and fight for what I teach"

"I have paid in the past for the principle of academic freedom," he says referring to the months he spent in prison because of his text books during the last period of marial law in the early 1970s. "Now I will stay and fight for what I teach."

Dr Soysal, a professor of constitutional law, has a prestige which has so far protected him from the fate of many ef his colleagues. He is a liberal well-known at home and abroad as one of the authors of the 1961 constitution, fer his teaching and his daily column in the newspaper Milliyet, and as a former member of the governing hoard of Amnesty International.

Other university teaching staff have been less lucky since the generals turned their gaze last year to what many consider hotbeds of disease and a factor in the terrorism which spread throughout the country. Between 50 and 80 academics have been dismissed by martial law decree: those dismissed before January have no appeal against a decision which excludes them from ever holding public office or being employed by the civil service and ends their pension rights.

One of the latest cases involves a physically handicapped electrical engineering lecturer dismissed one month before he became eligible for pensien.

About 200 ethers have been subjected to the lesser sanction of not having their contracts renewed. At least another 300 university teachers have resigned. A similar situation has long reigned in primary and secondary schools.

All this and the resulting atmosphere of near witch hunt in many faculties is crippling Turkey's higher education, according to local experts. It is also worrying some businessmen. "The continuation of this trend could deny business and the country as a whole the quality graduates it needs," says Mr Ali Kocman, president of Tusiad, the Turkish businessman's association. New Western embassies have begun to join the critics.

The generals' view is that the universities, which now number 27, had degenerated from their mission, with many professors leading students to extremism of the right er, in particular, the left. Their answer was te set up YOK, the higher edncatien council, under Prefessor Ihsan Dogramaci.

The professor was given the task of strengthening central control over the campuses, making them more complementary, expanding the number ef students they could take, and improving the education facilities in the underdevelaped east. YOK's role is now written into the constitution. Its aims are laudable, but even the foreign countries most supportive of the generals are now scathing about the way YOK has gone about its business, the harm it has done to Turkey's academic life and the emergence of militant right-wing administrators in many faculties. (In others, less problematically, well-known free masons are prominent.) In Dr Soysal's view: "It will take 10 years to repair the damage."

D.T.

PROFILE: ORHAN APAYDIN, PRESIDENT, ISTANBUL BAR ASSOCIATION

An unlikely subversive

ORHAN APAYDIN is slight and quiet and not the type Hollywood central casting would choose for a second Perry Mason. Yet it is hard to find a major Turkish political trial in which he is not involved in and harder still for the outsider to understand how one day he dons his black robes to protect others from the death penalty and the next be faces charges which combined threaten him with that penalty.

Apaydin: defender of the unions

As president of the Istanbul Bar Association, he makes an unlikely subversive, particularly in view of his role in defending conservative Prime Minister Menderes in 1960 and his years as a conservative deputy.

But the 55-year-old lawyer has just emerged from 10 months in prison together with other members of the Turkish Peace Association. He is also being prosecuted with a number of Turkey'a leading writers for an evening commemorating Nazim Hikmet, a Communist whem many consider the country's greatest poet.

When he is not fending off such problems he is to be feund defending many of the 74 members of Disk, the radical trades union confederation, er appearing to prevent Mr Nadir Nedi of Cumhuriyet being imprisoned for reprinting an editorial written in 1961.

The two main eharges against Mr Apaydin are based on tha notorius articles of the Turkish penal code, copied from Mussolini, punishing class politics, and used to outlaw the Communist Party. If found guilty of both, the crime becomes compound, hence involving, if only in theory, the death penalty.

Mr Apaydin and most of the Bar had long campaigned against this article, but the wider prohlems lawyers have bad since the coup have caused foreign lawyers to question whether the primacy of the law still exists in Turkey. Turkish lawyers do not talk abont this with the fereign press as defaming Turkey is a crime, defaming it through the press being punished double, and defaming it through the foreign press double again.

The right of habeas corpus is restricted by the way the police may hold suspects incommunicado for 45 days befere they apply for a warrant—eneugh for most marks of the torture which is so characteristic a feature of Turkish prisons to disappear. The suspect is often treeted as guilty until proven innocent in that the mere fact of arrest or indictment is ground for dismissal from the civil service, without appeal.

At one point the disciplinary council of the Istanbul Bar Association was threetened with prosecution for not dismissing Mr Apaydin as President when he was arrested last year.

Further problems identified by foreign lewyers who visit Turkey are the inadequate eccess of lawyers to clients, the purloining of documents from files—as in the Disk case where all torture allegations mysteriously disappeared—and the issue of tha independence of the judiciary.

Equally serious are the pressures on defence lawyers. The tax authorities have heen tooth-combing many lawyer's books end over 50 members of the Istanbul Bar have spent time in prison since the coup.

A series of unpuhlicised complaints to the authorities bave gone unanswered—except by fresh arrests. Finally, there are the pressures on lawyers resulting from the frequent opening of cases against them for what they say in court.

Perhaps the most remarkahle instance of this involves Mr Apeydin and his brother Burhan. Orhan is now defending Burhan in one trial fer what Burhan said in another trial while defending Orhan.

If you can follow that you too can be a lawyer in Turkey today.

D. T.

Meeting Armenians' arguments face on

TWO DOZEN *Turkish* diplomats have been murdered by Armenian extremists in the past decade. Over 150 bomb and gun attacks in the U.S., Europe and Australia have claimed the lives of twice as many officials abroad as have the better publicised attacks on Israel's representatives.

Now Turkish students in the U.S. have begun to receive the death threats previously reserved for servants of the Turkish state. And the students too have begun to have to change their names, disguise their origins and live in the same daily faar as has converted most Turkish embassies into virtual fortresses.

All this has made a major public issue out of one of the country's key social taboos — another is tha Kurds — which Turks have long avoided discussing but whose existence strongly affects the tone of Turkish life.

The Armenian question now features in the local press, is raised by top officials during their dealings abroad, and colours Turkey's international relations.

France's handling of the issue is one of tha several reasons why trade between tha two countries has slumped, a number of major contracts with French companies are blocked in Ankara, and officials say they see no reason to improva matters. "It has been totally irresponsible," one member of the Turkish Foreign Ministry says, citing statements by French ministers supporting the Armenian cause and instances of French police failure to assist the Turks in dealing with terrorists.

At issue is what happened in the dying decades of the Ottoman empire. To many Armenians it is an articie of faith that between 0.6 and 1.5m of their number died in a "systematic genocide" when Talat Pasha, one of the leading Young Turks, ordered their deportation from Eastern Turkey through the Dar el Zor deserts to Syria in 1915.

"It is the continuous cover up of the facts, as Turkey has practised it during the last three generations, that inclines Armenians all over the world to view with some sympathy the *attacks against admittedly innocent Turkish diplomats abroad,"* ran a recent letter from an Armenian to the International Herald Tribune.

Turkish officials, however, counter these claims. Mr Kamuran Gurun, retired secretary general of the Foreign Ministry and author of a book on the Armenians, argues that tha archives show that no massacre was ever ordered. In his viaw, the Armenian population never exceeded 1.3m and the death toll of Armenians in this period from fighting assassination, sickness and typhus was 300,000, a number the Turks insist must be seen in the context of the First World War when 2m Turks died, when Armenians sided with Tsarist armies in Anatolia and when Armenians later manned a brutal Armenian legion which helped the French occupy southern Turkey.

Responsible

Two main groups have claimed responsibility for the trail of violence against Turkish diplomats which began in 1973 in Los Angeles and has since spread through 15 other countries. The Justice Commandos for the Armenian Genocide and the Armenian Secret Army for the Liberation of Armenia, Asala. The first appears to have won backing from wealthy Armenians in the U.S. while some Turkish officials see a Soviet finger involved in tha second.

Both are believed to have had their headquarters amidst tha Armenia community in Beruit. Since tha Israeli invasion of Lebanon the leadership of Asala is believed to have gone abroad.

The terrorists' demands range from recognition by tha modern Turkish state of the "genocida" committed by its predecessors to rights over the area of north-east Turkey which was once their homeland.

The present Armenian community in Turkey numbers around 50,000, concentrated in Istanbul. It provides traders, gold toothed troubadors for the tavernas of the Bosphorus, keeps its fading churches staffed, and has a patriarch who condemns terrorism. But it is a pale and far-from-confident shadow of the strong merchant and farming community of the late 19th century.

Until two years ago the Turks' response to the problem was to rely on police measures. Just as it had turned to its Nato allies urging them to block the flow of weapons to its domestic terrorists, so it asked them and other countries to act against terrorists in their own countries.

This has worked in countries such as Britain, where an alleged assassination attempt of the ambassador was recently foiled, the Netherlands and Yugoslavia. It has also been successful with the federal authorities in the U.S.

But U.S. politicians have often responded to the power of the Armenian vote. Last month, for instance, M George Deukmedjian, governor of California, ordered the state's flags to be flown at half mast on April 24, the day many Armenians commemorate the massacres they insist occurred.

Friends of Turkey have long argued that it should seek to meet the Armenians' historical arguments face on. It is only recently that this has begun to happen.

The archives of Britain, France, the U.S. and Turkey have been scoured and microfilmed. A series of publications is under way, including "Tha Armenian File," by Mr Gurun.

Turkish embassies are poring over school books abroad looking for "one-sided repetition of discredited grievances," as Mr Sukru Elekdag, the Turkish ambassador in Washington, has written to a series of U.S. local education anthorities. The Turks hava also won support for a UNESCO committea to tackle this issue. At home they say they have to enlighten domestic opinion after years of burying the issue. "What we are facing today is the result of our silence since the Ottoman period," says Mr Gurun.

The ice, in other words, has been broken. When I first visited Turkey in 1966 I remember being told to hush when I asked a group of resident foreign journalists for the truth of what had happened to the Armenians.

Today it is open season for research. But the Turks still have a long way to go to convince the Armenians that the truth makes a lie of the terrorists' claims.

David Tonge

Metin Munir visits a newspaper with enough technology to make a Fleet Street owner weep and **David Tonge** looks at a rival's problems with the generals.

Plugged into progress

YENI ASIR, Turkey's oldest daily newspaper, is also its most modern. The 88-year-old newspaper is fully computarised: *journalists* write their stories on computers attached to TV screens and after the newspaper is printed a computer prepares individual packages for each newsagent. All the intervening processes are handled and controlled by computers. Tha newspaper occupies a modern six-story building in the centre of Izmir and, in the words of a British journalist who visited it recently "has £5m worth of electronic equipment calculated to make a Fleet Street newspaperman weep."

The modernisation of the newspaper started in the late 1960s when Mr Dinc Bilgin, family-owned Yeni Asir's current publisher, returned from university in tha UK. The Yeni Asir was one of five regional dailies in Ismir—Turkey's largest port and export centre for a rich agricultural region of tohacco, cotton, olives, grapes and figs. Its circulation was just over 10,000.

In 1967 Mr Bilgin introduced the first web offset printing plant in Turkey and started printing Yeni Asir (meaning new century). This increased readarship and advertising revenue and led to an improvement in the quality of reporting and coverage. The newspaper, launched before the turn of the century in what is now Salonika, is politically middle of the road.

The newspaper's computer phase opened in 1967 and Mr Bilgin and a group from Yeni Asir went to the printing industry fair in Lausanne.

"There were many people from Turkish newspapers," recalls Mr Gungor Mengi, Yeni Asir's editor. "Most of them stayed for a couple of hours, muttering 'very interesting, beautiful, fantastic.' Wa stayed

for three days. We were struck by the computer technology displayed there and awed by its possibilities."

The facilities (trade marks include British and U.S. ones like Hastach, Lasercomp and Goss) converted to computers include alectronic page make-up, electronic type sizing and automatic plate-making. Offset printing means full colour photographs can be used everywhere in the paper. The total production staff is six.

Computer technology improved the quality of printing measureably, reduced costs and cut down the time required for preparing pages to one eighth of what they were before. These advantages enabled Yeni Asir to see off all opposition in the city of which it is now the sole daily. It sells 100,000 copies on weekdays and 150,000 on Sundays. Although it is sold only in the Aegean region it is the fifth largest daily in the country.

Encouraged by its success, Yeni Asir launched an economic newspaper, Rapor, three years ago. This is posted to subscribers six days a week and has a circulation of 18,000. Yeni Asir has bought a new building in Istanbul and plans to establish a computer-to-computer link between Istanbul and Izmir to start printing in Turkey'a largest city and build up distribution. To this extent it is akin to the former Manchester Guardian's move to London.

Yeni Asir was able to make the transition to computers without pain or trouble because of two reasons: it had the cash (newspaper publishing is a very profitable business in Turkey) and it encountered no trade union opposition (union activity has been curtailed by military rulers).

Mr Mengi is pleased with his brave new world: "We became what the computers wanted us to be," he says. "We created a clean, dust- and noise-free atmosphere. We hired better-educated people required by the machines. I gave up smoking while the machines were being installed. Like a wave the computers picked us up and deposited us at the forefront of contemporary technology. Our horizons widened. Before the computers I had so little time I could not think beyond that day. Computers have given me time to think weeks ahead."

The censors' favourite target

FOR MR NADIR NADI, the past 32 months have been the most difficult tha Turkish press has faced in the half-century he has been a journalist. Now aged 75 and tha doyen of Turkish journalism, he has just been sentenced to prison for the first time in his career for two months and 20 days, with no right of appeal. Cumhuriyet, the newspaper he publishes has been a particular target of the generals.

It has twice been closed and three times had its circulation restricted. Its editors have been in and out of court and it has a daily battle with the vagaries of tha generals' censorship.

"Ideas are a spectrum but the trouble is the military believe everything that is not ultra-violet is red. I feel sad and worried for Turkey," he tells visitors to his office at the top of Cumhuriyet's ramshackle building in old Istanbul.

There is an irony in the way that the newspaper blessed by Ataturk in 1924 and initially his only defender should be penalised by Ataturk's self-proclaimed heirs for an articla defending the founder of the republic's will. But this winter the military decided to alter the provisions of the will benefiting the now closed Republican People'a Party.

Mr Nadir, a snowy and distinguished veteran whose newspaper is the only left-of-centre national daily, responded by reprinting an editorial he had written in 1961. It was the sixth time it had been republished, but the military closed his paper for 25 days and accused him of "encouraging people to violate laws."

Reactionary

The editorial was a characteristically acerbic piece, saying: "If reactionary forces, that aim to topple the republic, one day appear in the country, normal legal procedures may be shaken. In this case the last resort is to take to arms, to save the republic through bloodshed. Enlightened youth must forever be on the alert for this eventuality."

After tha role of youth in the terrorism before the 1980 coup, this restatement of an idea voiced forcefully by Ataturk in 1933, was too much for the generals.

His trial led to international protest and the ostentatious attendance at court hearings of U.S. diplomats. But for Mr Nadi it was only the latest of the harassments to which his newspaper has been subject since the coup. He describes his paper as defending private capital and "liberal, open to the left for reasons of social justice."

In private, top officials in Ankara describe it as the *country's most serious paper* but this is scarcely tha view of the suspicious military. Like others, it has been subjected to the frequent interference of the local military law command.

Occasionally this interference involves a formal ban. More usually, there is a telephone call that an issue should be avoided, an historical series stopped, articles on Turkey's economy moved off the front page, or asking questions about the motivation behind a particular piece on, in one instance, jogging.

Particularly worrying, the paper says, is the self-censorship caused by the way the military merely say "it is up to you" in response to most questions about whether it can *print a particular item.*

All this has created problems for Mr Hasan Cemal, its 39-year-old editor, as he tries to make its 10-16 pages interesting. His response has been to subject the regime's laws to detailed analysis, extend foreign coverage and build up economic coverage. "Before there was a wall between us and business but now we do our journalistic mission in this field too."

The change has helped advertising revenue at a time when sales, now around 90,000, are about one-third lower than their peak. Last year this and better management allowed the paper to move back into profit.

It has responded by spending $500,000 to move from hot metal to photo offset. All other Turkish newspapers have long had the sort of equipment which makes Fleet Street look like a museum.

Mrs Emine Usakligil, managing editor of the paper and responsible for pushing the change through says that by next winter the paper plans to start a print run for the Turks in West Germany and that she hopes in three to four years journalists will be preparing material *for* direct input into the paper's computers.

Nadir Nadi, publisher of *Cumhuriyet*. Last week he was sentenced to prison for the first time in his career.

Exports are levelling off and unemployment is rising but the country is paying its way

Problems remain but the gloom has lifted

WHEN THE Turkish authorities decided on a spring cleaning for the economy this year, they triggered off one of the world's more remarkable financial operations. They declared an amnesty for any black money which would be lodged for a weekend in the country's Agricultural Bank. By the time it was over, a month ago, TL 273bn ($1.3bn) had turned up in tattered notes or bearer certificates of deposit. It was a massive sum, twice the authorities' initial estimates and over half the money in circulation in the country.

Its origins could hardly have been more dubious — smuggling, false invoicing, profiteering on the back of the country's inflation. But at least it was proof of the vitality of a large part of the economy. And that was badly needed after 12 months which had seeo e series of financial collapses — Kastelli, the largest of the country's money brokers, Meban and a series of other brokers, and then Hisarbank and Istanbul Bank, two of Turkey's smaller banks.

The last year has been a mixed one for the economy and a worrying one for the anthorities. Most recently, exports have levelled off — possibly a temporary situation reflecting the Government's recent switch of emphasis and resources to the domestic market, but important because last year the surge in exports to the Middle East was the major factor in the 4 per cent increase in real terms in GNP.

The domestic market is still depressed and industrialists are complaining their factories are working at a mere one-half to two-thirds capacity. Agriculture could have a good year, but even in Turkey's largely rural economy this is unlikely to give a major boost to the country at a time when monetary, credit and wage policy are tight as a result of agreements made with the International Monetary Fund.

There has been a slight improvement in central government finances. The public sector borrowing requirement has been cut back over the years, down to 6.5 per cent of GNP in 1981 and 5.5 per cent in 1982, a 4.5 per cent psbr is forecast for 1983. But tax receipts have grown less than expected. No less than 3.5m cases are pending in the courts with the slowdown squeezing the central budget as a whole.

Austerity may be harder to maintain as the November elections approach, yet inflation is still running at only a little below last year's 25-30 per cent.

Unemployment, while hard to measure in a society such as Turkey's, is generally put at around 18 per cent and believed to be still rising. "We need a growth rate of at least 6 per cent to cut into it," says Mr Yildirim Akturk, head of the State Planning Organisation.

Such difficulties are serious, but the scale of problem now encountered is less than that during the dark days of the late 1970s when electricity cuts were a feature of everyday life, when inflation was treble digit, when cooking oil, medicines and light bulbs were not to be found, when queues for petrol would extend miles, and when the country could not even afford to import the beans needed to keep the cafes in Turkish coffee.

Normal cover

Today the country is paying its way in the world. Its noteworthy performance in doubling its exports between 1980 and 1982 — from $2.9bn to $5.7bn — has helped it ensure that its $16bn debt is regularly serviced. Between 1978 and 1982 it repaid $1bn worth of loans to banks. There is no delay on commercial transfers. The country is beginning again to be able to raise balance of payments loans in the markets. It is also on the way to obtaining normal cover from state bodies such as Britain's Export Credit Guarantee Department.

All this and the extraordinary success of its contractors in building up an order book of over $13bn in the Middle East mean that Central Bank officials scoff at suggestions they may have trouble in dealing with the debt service hump coming up in 1985.

Istaklel Cadesi, the main shopping street in Istanbul. The Turks have had their spending power ereded by four years of austerity and real wages remain under clamps.

But the fact is that Turkey is still not completely out of the woods. Abroad there is the potential fragility of an export boom largely dependent on the volatile markets of the Middle East, a levelling off of workers' remittances, inadequate tourism receipts, and prospects of only marginal foreign investment.

At home, there is the continued weakness of the country's financial structures. "The dangers have come from the financing sector — from banking, from the indebtedness of a lot of enterprises," Dr Rolf Geberth, chairman of the OECD consortium for Turkey, said after a visit to Turkey last month. Firms are having to deal with 50 per cent real borrowing rates for domestic funds though lower rates for export credits. The occasional crises in the banking sector have caused the authorities trouble in meeting performance criteria agreed with the IMF. Monetary indicators have been rising well above the inflation rate.

Then there is the argument over the long-term cost to Turkey of five years of stagnant investment in a country which sorely needs to modernise its capital stock. "We didn't invest and if you don't invest you have no future," says Mr Halit Narin, president of Tisk, the Turkish employers confederation.

Official figures show that private investment in the years 1980-82 averaged one-third less in real terms than investment in the pre-crises years of 1976-78. Such figures may overstate the situation.

Imports of capital equipment have grown and firms have strongly improved management techniques. But the underlying problem remains.

Some compensation may be had from the way the public sector investment budget has been less hit, and is now better managed, with a clear sense of priorities and an end of spreading it—thinly over so wide range of projects that few were aver completed. The present government is putting its emphasis on giving Turkey the roads, bridges, ports, railways, power stations and dams it needs.

The Government is less keen on extending the range of public sector industries, and its successor is expected to agree with this approach. The five-year plan now being completed foresees a 5-6 per cent annual growth rate.

Yet in the longer-term the crucial fact is likely to be that in the past year the pace of economic reform has slowed down.

The generals had a unique chance of tackling the structural problems of the country such as the hostility of the bureaucracy to private enterprise, the welter of red tape, the cocoon of protectionism swaddling Turkish industry from any need to be remotely efficient, and the economic cost of the state economic enterprises (SEE), which account for over 40 per cent of manufacturing output.

In the 30 months when Mr Turgut Ozal was putting his stamp on the economy, progress was made in forcing firms to look abroad, in maintaining a realistic exchange rate, in reforming the tax structure, in paring away a few layers of bureaucratic obstructionism and nibbling at the country's protectionism. But today he tells visitors to the office where he is dealing with his move to politics that when he started dealing with specific measures like easing imports of electronic goods, he ran into a wall of protest.

"The industrialists are in favour of liberalising imports—but only of the goods that they do not make," he says. At the same time, he says, memories live on of the destruction of Ottoman industry after the opening of the Empire to British competition in the 1830s.

He was also prevented from allowing a few inefficient firms from going to the wall: the generals were worried that major bankruptcies would be seen as a failure of their Government.

In these areas the general consensus of the Istanbul business community is that the impetus for change has faded now that Mr Sermat Pasin has taken over control of the economy from Mr Ozal and Mr Adnan Baser Kafaoglu has become Finance Minister.

But some progress is evident on two fronts. The first is the State Economic Enterprises where, after a certain amount of kicking and screaming, the Government is finalising a law designed to make them more obliged to respond to market forces.

The World Bank has been saying it will not disburse a tranche of its structural adjustment loans to Turkey until this process is complete. The law will allow the SEEs to increase wages to ettract the class of management they require. It will also relocate responsibility for many SEEs from the Ministry of Finance to the specialised ministries. But even some of those involved in drafting the law say it does not go far enough.

The second is the financial field. Here men like Mr Ali Kocman, President of Tusiad, the Turkish Businessmen's Association, praise Mr Kafaoglu for allowing companies to revalue their assets to take account of inflation, for the spring cleaning operation which should make more money available for industrial investment, and for the patient way in which he has handled banking reform.

Others such as Mr Erol Sabanci, head of Akbank, are more critical. The revaluation was inadequate, the spring cleaning so clumsily handled that it nearly caused a fresh banking crisis, and the banking reform questionable. "Existing laws were fine, but were never properly implemented by Ankara," he says. Most crucially, independent auditing is the exception rather than the norm.

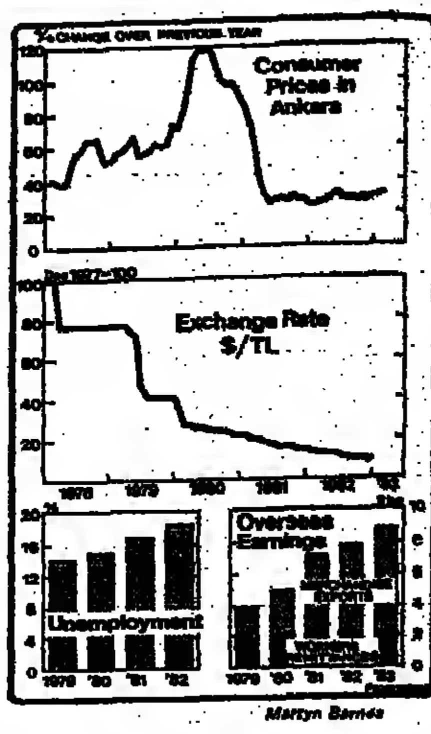
It is perhaps too much for the Government to achieve in the six months before elections the structural changes which have eluded it so far. But one probably irreversible change has been achieved, a shift in the balance between the country's industry and its banking sector.

The "freeing" of interest rates by Mr Ozal was intended to force firms to pay market rates for capital and to improve their equity structure. In the event it bas led to a massive transfer of funds from the main borrowers—who were mainly industrialists — to the public.

Mr Ozal's staff estimate that the public has received around TL 800bn which they would not otherwise have received. But the price of this has been to weaken industry at a time when it was already under strain. The banks are thus left with large amounts of non-performing debt.

The country's interest rate structure is a nightmare and the avenues by which firms can improve their capital structure are limited. And the banks still seem slow to modernise their practices. Six months remain for the generals to make sure that this financial confusion is not one of the legacies they leave behind them.

David Tonge



Martyn Barnes

TURKISH GROWTH

Per cent change over previous years in real terms

	1973-77 average	1978-80 average	1980	1981	1982*	1983*
GNP at market prices	6.5	0.5	− 1.1	4.2	4.4	4.25
Fixed investment	14.1	− 7.9	−10.0	1.7	2.6	3.75
of which private	10.2	−11.6	−17.3	− 8.8	5.4	5
Consumption	6.7	− 2.8	− 3.4	3.0	4.2	4
of which private	6.4	− 4	− 5.2	2.4	-4.3	4
Price increases†	21.6	72.9	103.9	41.8	26.5	27.5

* OECD estimates and forecasts. † GNP price deflator.

Source: Turkish and OECD figures

STRUCTURE OF THE ECONOMY

Per cent of GNP

	Agriculture	Industry	Other
1948	46.0	12.2	40.7
1960	38.9	16.2	44.9
1973	20.8	19.3	59.9
1982	19.2	25.1	55.6
Jobs, % of total, 1980	57.6	11.8	30.6

Per cent vol. changes

	1981	1982	1983‡
Agriculture	0.3	− 6.7	2.4
Industry	7.2	3.2	5.5
Manufacturing	8.1	4.8	na

‡ Programme

Bad debtor who made good

Turkey has dramatically improved its external debt position since, in 1977, it became the first of the world's recent major debt problems.

Between 1977 and 1982 it reduced the share of short-term debt in its total debt from 56 to 13 per cent. At the end of last year it had a total external disbursed debt of $16.2bn.

Of the $14.1bn of medium- and long-term debt, $3.2bn was to international public organisation, $7.1bn to governments, $3.2bn to commercial banks and the rest consisted of private credits and unresolved non-guaranteed trade arrears. Short-term debt was $2.1bn, divided equally between Turkey's public and private sectors.

The country is now completing drawings under a three-year SDR 1.25bn (now $1.3bn) supplementary financing facility agreed with the International Monetary Fund in June 1980. The relative success of this programme, which has seen Turkey draw over 500 per cent of its IMF quota, has been important for the IMF in its attempts to expand its role in the developing world.

Turkey and the IMF are now finalising details of a one-year SDR 225m stand-by agreement with the IMF to run from this summer.

Having been unable to meet its obligations in the late 1970s and had twice to reschedule its debt, it is only recently that Turkey has again been able to turn to the international markets for medium-term money.

In June 1982 various Turkish borrowers raised $155m in aircraft and project financing, in August 1982 a further $21.1m for project financing, and November 1982 $200m in three-year pre-export financing.

It has just finalised a $200m balance-of-payments loan which marks a further major step towards improving its market standing. Terms are hard, 1.5 per cent over Libor for five-year money. But the 12 banks underwriting the deal range from the U.S., Europe, and the Gulf to Japan. Signature is expected in about one month.

D.T.

TURKEY'S DEBT-SERVICE HUMP

	1982	1983	1984	1985	1986	1987	1988
Net debt-service payments, $bn:							
On existing disbursed and undisbursed debt	2.2	2.4	2.6	3.1	3.0	2.5	2.1
On forecast new borrowing	—	0.2	0.4	0.6	0.9	1.2	1.4
Total	2.2	2.6	3.0	3.7	3.9	3.7	3.5
As per cent of exports of goods and services	23	24	24	27	26	22	19

Source: Turkish authorities and IMF staff calculations and forecasts.

Vested interests clash over reform of banking system. Terry Povey reports

Banks drawn into the political arena

TURKEY'S banks have been the centre of more active politiking in the past few months than the rest of the country has endured since the military came to power. The clash of vested interests—free-marketeers against etatists, local bankers against foreigners, robber barons against bureaucrats — has centred around proposals to reform the banking system but the issues behind the debate run far deeper.

For years the polarisation in the economy has primarily been between the protected private sector and the state sector. The commercial banks sided naturally with the former. According to Mr Adnan Baser Kafaoglu, the Finance Minister, for all this period "the economy was basically inwardly orientated and market forces were not effective."

With the formulation of the 1980 economic recovery programme by Mr Turget Ozal, later the generals' deputy premier, a third lobby appeared on the scene—the Chicago-inspired monetarists. The State Planning Organisation, somewhat strangly, remains under its leader, Mr Yildirim Akturk firmly committed to the market rather than to planning. The Finance Minister, remains the bastion of intervention or of "control for control's sake" as some would put it.

Enter the banking reform proposals. According to Mr Kafaoglu these are intended to:

- Improve equity/obligations ratios to more realistic levels;
- Update the lending policies of the banks;
- Improve the cost structures of the banks;
- Introduce a savings deposit insurance scheme;
- Improve the qualification for managerial staff;
- Lay the ground for the development of regional banks;
- Separate banks from industrial holding groups.

The initial reaction of Turkey's banks was strongly hostile and there was deep suspicion that the interventionist habits of the Ankara bureaucracy were asserting themselves via the reform proposals.

"Some of the decree's articles are all right but basically the law would not be good for the country," says the general manager of one of Turkey's leading banks.

As the discussions have continued, drafts of the decree have piled one on top of the other. At the beginning of May draft ten was on the table. Before the Bill is finalised two or three more drafts are expected to come and go.

Several of the points made by the bankers appear to have been partially conceded after a commission of six representing the country's banks presented its own comments to the Minister on April 20. The six—Isbank and Akbank representing the largest commercial banks, Ziraat (agriculture) the state banks, Yapi ve Kredi the medium-sized private banks, Egebank for the smaller ones, and Citibank the seven foreign banks operating in the country—seemed generally agreed that reform was required but the issue of ownership remained the stumbling block to final agreement.

Limitations

The privately owned banks consider that the various proposals on capital increases, the right of the Finance Ministry to vet general manager appointments, and other clauses would "create a new economic policy that would lead towards the state takeover of the private banking system."

The limitations on loans to the major holding groups (many of whom own their own Bank) would, according to one Turkish banker, prevent any new credit going towards such groups for year. "As a banker I prefer to deal with such established companies yet under the decree I would be unable to lend to any one group (which is treated as a single company in the decree even though it may consist of 60 or 70 companies) more than 10 per cent of my capital. We have already lent one large group many times this amount there is no way that I can increase my capital by such amounts to be able to offer them more credit in the near future."

On this particular point the Minister said that variations in the wording of the relevant clauses were being considered and that "a range from 10 to 25 per cent is being considered" for a lending ratio.

According to the free marketeers, the answer to this is simple enough—"Turkey's bank and private companies are under-capitalised and they cannot expect to go on doing business by just borrowing money. They must sell shares on the market and expand their capital base."

Who would buy such shares? and do the private owners of the commercial banks wish to see their control diluted through scrip issues?

Few believe that an effective stock market can emerge in Turkey in the short term and therefore conclude that forcing the banks to sell shares will weaken rather than strengthen the system for the banks. There is also the suspicion that the state may turn out to be the only purchaser in a market soured by investor suspicion of the rectitude of the country's business world following last year's Kastelli Scandal.

The argument over the reform of the system comes at a bad time for the commercial banks. Competition for deposits has been intense. Few banks have made more than miniscule profits on their loan portfolios.

The form that the competition for deposits took is apparent on the streets of the big cities — row upon row of bank branches exist to entice the unwary depositor.

Requirements

One of the proposals in the reform decree is to stipulate minimum capital requirements and relate this to the branch structure. Although the large banks should have no great problem with this many of the smaller ones will have to think again about the race to catch deposits through this type of expansion.

According to a senior Central Bank official, the banks have only themselves to blame for their current problems. "They should have changed their attitudes in 1980 or 1981 but they didn't. Now they are paying the price for trying to boost their market share of deposits by offering high interest rates."

Two banks, Hisarbank and Istanbul Bank, faced such tough liquidity problems that they were forced to go to the Government for help. Now they are being run by government-appointed administrators with Central Bank funds helping them over their payment hurdles.

The monetarists make little secret of their view that such banks should have been allowed to go to the wall "if only as a lesson to the others."

For the foreign banks, Turkey has proved a fairly lucrative market. Taking virtually only commercial deposits on which no interest payment can be paid they do well out of trade finance. Just for opening a letter of credit, for example, they earn a standard commission of 1½ per cent—very much higher than London or New York. American Express Bank, the newest entry to the country, has turned in a respectable TL 846m pre-tax profit on its first year of operations.

Their major concern over the banking reform proposal was to oppose any discriminatory measures directed against foreign banks and in this they have been supported by the domestic banks. With compromise now apparently the order of the day on the banking reform proposals the opposition of Turkey's bankers to the details of the decree appears to be waning.

For the big private holding groups and their banks however there remains the uncomfortable feeling that the old days of protected private enterprise are over and a certain fear of what tomorrow will bring.

"In the end the banks will choose the free market rather than state control. They would love to go back to protection but they aren't being given the option," says one official.

Twenty-four hour guard: protecting the main branch of the TC Ziraat Bank in Istanbul.

TURKEY'S BIG FIVE COMMERCIAL BANKS 1982 (TL bn)

	Assets	Net profits	Deposits	Advances	Non-performing loans
Turkiye Is Bank	784	4.7	571	407	5.9
Akbank	400	1.5	306	157	1.2
Yapi ve Kredi	298	0.5	255	125	3.8
Pamukbank	154	0.3	110	67	4.3
Ticaret	100	0.5	83	47	6.1

Strength on the bridge

"WE DON'T need to make any changes. We became the biggest commercial bank in Turkey by following solid policies and I don't intend to change them."

Mr Burhan Karagoz, who took over as general manager of Turkiye is Bankasi last year, is not a man of doubts. In bridge he likes a strong no trump and in banking he likes things the way they are.

Turkey's smaller banks may have been under strain or collapsing, the country's industrial finance in chaos and real borrowing rates running at over 50 per cent, but Mr Karagoz discourages radical change. He was picked by his fellow bankers to lead their assault on the Government's recent draft plans to reform the banking system, and by all accounts he did a good job.

But defending the status quo is what you would expect from a man who has spent 30 years rising to the top in a bank which was founded by Ataturk in 1924 and has since been imbued with the sense that what is good for Turkey is good for the Turkiye is Bankasi.

This summer, the bank—380th non-U.S. bank in terms of deposits—is opening a branch in London. It is active in providing performance bonds for Turkish contractors in the Middle East and is involved with the International Finance Corporation in a $156m guarantee facility in this field.

But it does little abroad and Mr Karagoz says he is not planning to enter the syndicated Euromarket because the bank's real interest is at home.

Burhan Karagoz: plays a strong no-trump hand.

It only won 96 savings accounts in its first four months of operations in 1924 but now has over 900 branches.

D.T.

Central bank's happy man

MR ZEKERIYA YILDIRIM'S only complaint about his Reuter's currency monitoring system was that the lines had been down when the last EMS realignment took place. Otherwise the head of the Foreign Exchange Department at Turkey's Central Bank is not complaining much these days. For after years of having to tell bankers Turkey could not pay, he is now in the happy position that those who come flocking to his door are offering the country fresh funds.

It is all a major change from when he crossed the road from the Ministry of Finance in 1977 as part of the team which had to pick up the pieces after years of profligacy. He found a demoralised and inexperienced department whose 70 staff did not know what the country owed.

Today—with a little help from its friends, Kuhn Loeb, Lazard Freres and Warburg—Turkey has become an object lesson in rescheduling. Mr Yildirim, a cheerful, open person, he was one of the key officials involved in the $5bn operation.

Such sums were not the stuff of the childhood he spent as the son of a village farmer in the Marmara region. After his father died he was educated in Istanbul. He showed his ability by passing the exam to become an inspector at the Ministry of Finance. As in France, this is often a route to the top, and in Mr Yildirim's case that route was to include a diversion to the U.S. where he wrote a master's thesis on "monetary approaches to the balance of payments." It was to prove a timely choice.

Zekeriya Yildirim: lenders flocking to his door.

D.T.

Rare kind of accountant

TURHAN YETKIN of accountants Arthur Anderson is a rare bird in Turkey. For years he has supported the cause of external audits carried out by qualified accountants—a lonely battle in a country where even the largest companies consider such auditing as prying into their private affairs.

For Mr Yetkin, who was 12 years a tax inspector with the Finance Ministry before he went "public," the problem is "there are no set accounting principles, no auditing standards. "The law only requires a statutory auditor"—usually a friend of the company.

"To the best of my knowledge no statutory auditor has even been prosecuted or penalised for incorrect accounts."

Today there are mounting pressures to reform the system.

A proposed new law on capital markets foresees that all major public companies will be subject to a compulsory audit by external auditors.

Another push for higher accounting standards comes from Turkish groups' growing connections abroad.

"If a company gets a contract with Saudi Arabia and goes to a foreign bank the bank says, 'How about an audit?'"

And can one trust the statements from Turkey's banks?

"That's very difficult to answer. We audit three but the others' internal accounting systems are not appropriate."

Turhan Yetkin: fighter for external audits.

T.P.

For years the country's road, rail, shipping and air links have been neglected. Now the government is acting

New emphasis placed on faltering transport network

"Honourable members, developing transportation with every possible means must be our unquestionable object—above all our enterprises."

Kemal Ataturk,
November 1 1924

OF ALL ATATURK'S many exhortations, that above must be among the most quoted a/. the least observed. Since the basic infrastructure of railways and roads was consolidated by the fledgling republic and the 1926 "Cabotage" decree which gave exclusive rights to the Turkish merchant marine in domestic waters, development of the nation's transport network has been at best sporadic, at worst non-existent.

Now, nearly 50 years after the father of the nation designated transportation as its number one priority, and 20 since the U.S. inspired road programme petered out, the generals have begun to act.

It is not before time. Between 1972 and 1981, TIR transit traffic had grown from 10,000 to 204,500. In the last year alone, transit freight revenues have leapt from $141m to $259m. Yet the roads continue to deteriorate.

Mobile centres

Tailbacks on key exit routes to Iran and Iraq have, on occasions, stretched 130 km—or so the story goes—and the Government has set up mobile centres to cope with border formalities far from the frontier in a bid to ease the congestion.

Transport now occupies a prominent place in the mind of the edministration. A staff colonel heads a special section in the Prime Minister's office to co-ordinate strategy and the results of a comprehensive study of the industry, published last year, now form the basis for a radical overhaul of Turkey's road, rail and shipping system.

Consultations on restructuring have revealed the scale of the work involved. According to the transportation authorities a sum of not less than TL 4,200bn ($20bn) would be necessary to meet full modernisation requirements of this sector by 1993—the end of the sixth five-year plan.

The Government has since revised this down to a maximum of TL 2,620bn, allowing a near doubling of current overall capacity from 49.6m tonne km to 92.6m t-km.

The principal objective the Government has set for this level of expenditure is a radical reform of the transport industry with a marked shift in emphasis away from the roads to shipping and rail.

Currently the roads sector handles about 72 per cent of the total inter-city tonnage with shipping at 16 per cent and the railways mopping up a 10.4 per cent share. By 1993, the Government intends to shift the emphasis to 36 per cent for roads, 32 per cent for shipping and 27 per cent for the railways.

Such drastic changes have demanded dramatic aolutions.

Shipping: Turkey's merchant marine has undergone a revolution in the past three years. With a total tonnage of just 2.8m dwt at December 1981, there is now talk of a 7.5 dwt merchant navy by the beginning of 1985.

The urgency with which the Government has tackled the shipping shortage is rooted in the soaring costs of using foreign flags. Estimated hard currency outflows for shipping freight charges are expected to touch $1bn this year.

In a bid to stem the tide, the generals have offered substantial incentives to Turkish shipowners. Urging fleet-owners to take advantage of world surplus capacity, the authorities have offered to write-off 80 per cent of the purchase price of all vessels against tax.

The recent tax amnesty for undeclared wealth was also extended to ships in an attempt to win foreign registered vessels back to the national flag. In specific areas such as cement exports the Government has allowed a 50 per cent subsidy to domestic companies to maximise competitiveness with Greek and Romanian lines.

These measures have stoked the furnaces of the Turkish industry. Some 12 vessels ranging from 10,000 to 60,000 dwt are under construction in national yards and a further 58, between 5,000 and 6,000 dwt, are being built by the private sector.

Nevertheless, both the public and private sector companies are pressing for more aid.

Mr Hilmi Soumez, manager of his family-owned Sonmez Denizcilik line, insists that the Turkish national flag should avoid the temptation to follow the U.S. and the protected Scandinavian systems, but should attempt instead to emulate the British merchant marine.

High costs

"The first thing we should copy from the British is to eliminate tax on wages earned abroad," he says. "The high labour costs and the lack of skilled officers are the greatest threats to the industry."

For Captain Ekrem Destan, assistant general manager of the state-owned DB Turkish Cargo lines, the outlook is less encouraging. Though his company—operating 60-odd vessels totalling over 1.35m dwt—can boast that none of its ships are laid up, the growth of emphasis on the private sector is a threat.

Rising fuel/oil expenses and port charges are expected to cut profits from TL 2bn in 1982 to TL 900m this year, 25 per cent of its vessels need replacing and the Government'a apparent bias to the private sector may put in jeopardy DB's hopes of funds for two $30m, 18,000 dwt multi-purpose ships for new Far Eastern routes.

Nevertheless, it is not all gloom. Plans for a jointly-operated roll-on roll-off service between Constanze in Romania and Trabzon and a similar operation between Venice and Mersin and Iskendrun on the South East Coast could win back substantial business from the roads.

"In the near future I don't expect any improvement, we are at the bottom," Captain Destan says." But with the upturn in the world economy and an improvement in relations with the EEC, I'm confident we can increase our business."

Roads. If the new roll-on, roll-off rontes and a doubling of domestic port capacity form major threats to the road-lobby, transport companies have the consolation of a long established tax advantage. While sea traffic suffers a 5 per cent levy on cargo values, trucks will continue to be an attractive form of transport.

At the same time, the Government's planned expenditure on road communication systems remains heavily biased towards the industry. Of the total budget of TL 2,620bn, TL 1,153bn is allocated to highways.

Economics are also on the transit companies side. The heavy cost of driving across Europe along with wear and tear on vehicles and drivers has boosted contracts for the Turks who maintain control of 80 per cent of the traffic.

Internally, large towns such as Bursa, which houses the Turkish automotive assembly industry have no rail links. The roads still handle 85 per cent of freight traffic compared to 15 per cent by rail.

But it has not been a good year for the industry. The continuing war has reduced traffic to Iraq from 500 vehicles a day in 1981 to around 75 today, though deliveries to Iran have increased steadily. Profits are down and an added blow was the Government's decision to integrate regulations with EEC standards, reducing trailers' maximum tonnages from as high as 48 tonnes to 38 tonnes.

"We have done pretty well out of the Iran/Iraq war," said one company owner, "but most of us feel now that it is time it was over so we can get on with the reconstruction."

Rail: Turkey's railways are undoubtedly the transport sector most in need of revival. Users suffer from antiquated rolling-stock, slow speeds and—even under the generals—delays and late arivals. Between 1979 and 1981, both passengers and goods carried actually fell.

As described in the article on public works priorities, the Government's TL 711bn expenditure programme is intended to involve extensive relaying of track, electrification and new rolling stock. However, there is still widespread scepticism among the road transport fraternity over whether the railways will win their designated 27.5 per cent share of the inter-city freight market by 1993.

Not to be deflected, the state planning organisation says that tenders are already out for a new generation of locomotives with General Electric believed to be high among the bidders.

Air: Hopes in the 1960s and 1970s that air freight could take a major share in the market have largely been dashed by heavy fuel costs and uneconomic charges. The Government is planning a TL 232bn cash injetcion over the next 10 years in a bid to lift air freights share from 1.46 to 4.33 per cent.

Ivo Dawnay

Terry Kirk

Work in a Turkish shipyard. The soaring costs of using foreign flags has led the Government to urgently tackle the shipping shortage. Around 70 vessels are now being built.

Finance Minister Kafaoglu talks to Terry Povey

Opening up the system

WHEN Mr Adnan Baser Kafaoglu became Turkey's Finance Minister last summer, there were many who saw him as so closely allied with the country's industrial establishment that he would quickly move away from strict monetarist policies and give cheap credit to industry's ailing sectors.

Those who had such an expectation have only been proved partially correct for the 57-year-old minister has not gone back on the economic recovery programme of 1980. But he has concentrated his attention on a banking system characterised by confusion and 50 per cent real lending rates.

"We are determined to open up the system, for years it has been dominated by a cartel of some four or five banks mostly owned by family holding groups.

"Today the banks are in a state of crisis—only they don't seem to see this. They have low profits and increasing numbers of bad debts. We want to see this changed. That is why we allowed the foreign banks to come here and this is the intention behind the proposed new banking law."

Interest rates cut

The exchanges over this law between the minister and the bank chiefs have on occasions been bitter but in the end he believes the banks will be happy.

Mr Kafaoglu expects to cut interest rates by 5 per cent some time this year. He has alreedy rationalised the number of terms on which different rates are paid.

There has been some concern in Turkey that the export boom of the past three years might be beginning to bottom out and delays in publishing the monthly figures for the first quarter of this year have added fuel to this speculation. While January's figures came out a little late, February'a were one month overdue when published and those for March still haven't been seen. However, Mr Kafsoglu denies OECD suggestions that exports credit have dried up and says that there are perfectly good explanations for the flat first quarter—which he expects to be almost the same as 1982's $1.3bn.

"I think the main reason has been action taken against our textiles exports by the EEC, particularly France and the UK, starting in mid-January." Last year textiles accounted for almost 20 per cent of total export sales.

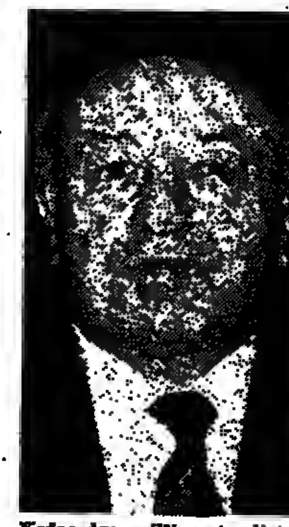
"I was a member of the Turkish team that negotiated the associate membership egreement with the EEC. After 1980 when our exports began to grow rapidly they began to take action against us. In late summer 1982 we agreed to voluntary export restrictions on cotton yarn. Now we are trying to reach an agreement on T-shirts and other textile items."

As far as imports were concerned, Mr Kafaoglu expressed a strong commitment to the liberalisation of the regime in this area. Our target is full liberalisation but today our foreign exchange reserves would not be able to support this. If I could do it today I would—but if foreign exchange earnings in 1983 top the $10bn mark then we shall liberalise without hesitation." In 1982 foreign exchange earnings reached just under $9.2bn and are projected to grow by some 5 per cent overall this year.

As to shortfalls in tax revenues, a subject close to the minister's heart after his years as Director-General of the Finance Ministry's revenue department, Mr Kafaoglu claimed that these were not so much due to evasion as to the weakness of the tax administration system.

"With many companies in difficulties, tax returns must be expected to fall. The tax inspectors only investigate some 3 per cent of returns and even this has led to some 3½m cases for the courts to deal with.

"We plan a new internal revenue service something which parliament blocked for seven years. By June e decree will be ready."



Kafaoglu: willing to listen.

Mr Kafaoglu has won mixed comments for the way he is continuing with the generals' economic programme. To the hardline monetarists his bailing-out operations question the purity of their doctrine. To the non-export orientated parts of industry the slowness in tackling the interest rate problem makes him seem intent on their demise.

He has less powers than Mr Turgut Ozal, who was Deputy Prime Minister, has not been able to pick his own team and is generally considered less decisive. He served as a member of the constituent assembly and as secretary to the military's economic committee after the first coup d'etat in 1960, was appointed to Turkey'a UN delegation after the second in 1972 and became advisor to the head of state after the most recent coup in 1980.

Gentle and charming, he is clearly a man who finds it easier to work through decrees than through the often log-jammed parliamentary process. However, the long negotiations over the banking reforms suggest that he is at least willing to listen to other arguments. But at the end of the day there is always the authority of the generals, one of whom phoned during our interview. The conversation was relaxed and friendly. "He's a close friend," said the minister.

Trials have proved a focal point for workers' concern, says **Ivo Dawnay**

Unions chafe at state shackles

AT SHOW trials gestures are important. Last month, for example, the U.S. Labor Attache was photographed by the Turkish press attending the trial of 68 trades unionists facing a possible, if unlikely, death sentence for their activities before the military intervention of September 12, 1980.

The photographs never appeared. But that, according to the Left, was not the point. The official American presence was more, they argue, a public relations device for U.S. rather than Turkish consumption.

Not only were Congressional discussions on aid to Turkey at a high point, but there had been uncomfortable mumblings from the U.S.'s own unions in the form of the AFL-CIO.

Despite the bans on strikes, union recruitment and political activity, Turkey's emasculated trade unions remain the only *organised opposition* to *the regime*. With a 91.4 per cent vote in favour of General Evren and his new constitution, their position has not been strong.

But the trials of the leadership of Disk, the 500,000-strong confederation of progressive and revolutionary workers, have, nevertheless, proved a focal point for resistance, particularly in international trade union movements abroad.

Later this month, The International Confederation of Free Trades Unions meets to discuss its suspension order on Turkey's other trade union grouping, Turk-Is—a 1m-strong alliance of predominantly public sector unions, modelled in part on the "non-political" U.S. union system.

Turk-Is was suspended by ICFTU some months after the military takeover for allowing Mr Sadik Side, its general secretary, to hold the post of Social Security Minister in the *generals' administration*. After a period of near-paralysis, the confederation resolved this position last May when Mr Side was persuaded by the new Turk-Is president, Mr Sevket Yilmaz, to cut his union links.

But some of the mnd of collaboration has stuck. In consequence, the readmission of Turk-Is to *full* membership of the ICFTU has become a key symbolic issue for the confederation, Disk and the Government.

In a concerted campaign of lobbying Disk supporters have argued that any recognition of Turk-Is is effectively endorsing the regime *and its repressive* anti-union legislation—already condemned by both the International Labour Organisation and the European Trades Union Congress.

Mr Yilmaz, a formidable tub-thumping figure, flushes red with anger at the suggestion. Pragmatism is the *only* possible *approach*, he argues.

Difficult times

"All of our efforts have been completely in line with the ICFTU," he says. "But first things first. We are living in difficult times.

"Our primary goal must be to minimise the damage to trade union rights while maximising our ability to organise."

No one can doubt the size of that task. The Government has introduced legislation to implement constitutional provisions which make Turkey's trade unions the most shackled in non-Communist Europe. For this reason, its desire to see Turk-Is legitimised in international forums is comprehensible enough.

Taken together, the new constitution and statutory labour laws ensure:

- a continued ban on political affiliation, together with the out*lawing of the pursuit of political* aims; in a crucial recent concession trade union action to promote the economic and social interests of their members will not be considered political activity;
- the Government's right to impose cooling-off periods of up to 90 days followed by compulsory arbitration;
- the banning of strikes over changes in working practices in favour of labour court adjudications;
- employers retaining the right to lock out workers;
- a *minimum* requirement of 10 years employment for new trade union officials;
- the outlawing of different unions collaborating on demands or strategy within a workplace;
- union subscriptions being confined to a ceiling of one day's wage per month;
- the continuation of bans on secondary strike action and political and general *strikes*;
- the dissolution of Disk.

Real Wages in Turkey

	TL (1963 basis)
1975	23.4
1976	26.8
1977	27.1
1978	23.7
1979	20.5
1980	15.3
1981	15.9
1982	15.7

Average daily wage of the 2m workers registered with the Social Security Foundation, deflated by price increase. Figures to 1980 are pre-tax. Those since 1981 are adjusted to allow comparability after 1981 tax reform. Authorities estimate 4.5 per cent increase in real after tax wages in 1981.

The Government is extending the existing ban on strikes by such groups as civil servants and teachers to those in essential services such as power workers, *health* service staff and even such public sector groups as municipal busmen and garbage collectors.

The compulsory arbitration mechanism—a seven-man tribunal with a built-in Government-employers majority—also holds little joy for the unions.

Against such a formidable onslaught, Turk-Is bas failed to mount much effective opposition.

Instead, Mr Yilmaz and his officials have resorted to lobbying the National Security Council and seeking maximum publicity for its objections. For this reason, re-admission to the *ICFTU* is seen as essential for strengthening the union's arm. And Turk-Is promises it will use all its political influence to reverse the worst excesses.

To DISK officials, Turk-Is bas been near criminally negligent of its dnties to the labour movement. Some argue that Turk-Is gave tacit backing to the new Constitotion and that the dropping of certain insignificant elements in the labour laws was agreed with the Government to give the confederation a semblance of infinence.

The left-unions are also bitter over the failure of both Turk-Is and Western governments to stand up for DISK's leadership and the thousands of activists who have been thrown ont of work.

"The bypocrisy of the West is unbelievable," one exile said. "They shout about Poland, yet nothing is said about Turkey where trade unionists are on trial for their lives."

DISK's strategy now is to organise for the next cycle of worker militancy. But there is little sign of that yet. All the evidence suggests that the generals' strike ban has been scrupulously observed. And even in private industry there is only the occasional report of symbolic gestures such as refusals to eat company-provided meals.

For the feuding Turk-Is and DISK leaderships, it is an unpalatable fact of life that the vast majority of their members are oblivious or disinterested by union philosophy and tactics.

That may not last for long. Unemployment is judged by conservative Western estimates to exceed 18 per cent. It is probably mnch higher than that, and rising.

At the same time, real wages have crashed since 1977. Inflation and a clamp on union activity mean real wages, though helped by tax reform bave fallen around 40 per cent.

According to the Istanbul Railway Workers' Union, in February 1982 non-unionised workers on minimum wages had to work 73 minutes to buy a kilo of bread compared to 44 minutes in 1963.

Yilmaz: "pragmatism is the only possible approach."

Some changes—notably tax reform—have favoured the workers. But the trend, and its potentially explosive consequences, is undeniable.

For the moment, the Government is satisfied that the brake on wages will bold. A policy of building wage differentials and promoting productivity and incentive payments *has* been eagerly adopted by the employers' organisations.

A monetarist conviction in the logic of the market persists. Mr Yildrim Akturk, undersecretary at the State Planning Office insists: "Actively creating jobs means actively slowing *down the positive development* elsewbere."

It remains to be seen for how long the Turkish worker will agree.

GROWTH OF THE LABOUR FORCE

	1970	1975	1980	1982	Average annual growth rate % 1970-5	1975-80	1981	1982
Total population	35.6	40.3	45.2	46.8	2.5	2.3	2.3	2.3
Civilian labour force	14.5	16.0	17.2	18.1	2.0	1.4	2.5	2.6
Agriculture	5.5	8.7	8.8	9.5	0.4	0.4	−0.1	−0.3
Industry	1.4	1.7	1.8	1.9	3.9	1.3	2.9	1.6

Unemployment, including disguised unemployment in agriculture, is estimated to have risen from 14.0 per cent of the labour force in 1979 to 15.4 per cent in 1980, 16.8 per cent in 1981 and 18.2 per cent in 1982.

Source: OECD and State Planning Organisation

Free trade zones a step nearer

LATE LAST December, Turks switched on their radios one evening to hear that Mr Kenan Evren, their president, bad formally committed himself to the long-mooted setting up of free trade zones. When they are set up it will be a major symbolic breach with past habit as well as of economic importance.

For decades Turks have been told that tariff barriers, political sovereignty, and economic advancement are three sides of the same triangle. This is because of the country's experiences during the 19th century when cheap foreign goods destroyed local industry. The inward-looking autarchist economic policies which followed after were reactions to these experiences. Actually the legislation needed for the free zones dates back to 1927—but no Turkish bureaucrat has ever urged till now that it should be taken advantage of.

Several sites are being canvassed and it appears that Turkey intends to begin with a trade zone and set up one or more manufacturing zones at a later date. Three sites look probable—one near Izmir, one at Antalya on the Mediterranean and the third at Yumurtalik near Iskenderun.

The port of Mersin is also a likely contender to become a free zone. Its citizens—and those of most of the other towns—have been working quietly for several years now on the assumption that their town would eventually be made into a free zone. "It's logical to have one bere, so close to Middle Eastern markets," says Mr Hasan Solayici, a Mersin businessman.

Nevertheless entrenched bureaucratic objections to the free zones did not disappear in Turkey when General Evren announced his support for them. Several cautious voices have been raised and Turks now seem to feel that they sbould not rush into the project bastily.

Familiar objections remain: the likely loss of customs revenue, possible damage to local industry, and above all smuggling. Last month, however, Mr Mustafa Aysan, the Minister of Communications, threw his weight behind supporters of the zones by saying that the loss to the Turkish economy through not going ahead with them would be greater than from smuggling if the zones were established.

"The transfer of technology from free zones to domestic industry," he told the financial daily Rapor, "will speed up the development of our domestic industries." Many Turkish business leaders agree.

Two advantages

Not all civil servants are equally sanguine. "Free trade zones are not fairs," says a *senior official working for* Mr Sermet Refik Pasin, Minister of State for Economic External Relations.

The timetable for the zones has slipped slightly since they were first promised. Firm decisions and work on them beginning by April was originally envisaged. But as of early May, most of the work preparatory to a decision was completed but little more. It did seem, bowever, that the institutional chain of authority had been mapped out. So developments seem close. Meanwhile new ideas were in the air. Previously unwelcoming to foreigners wanting to buy land in Turkey, the Government was reportedly considering allowing foreigners and companies leasehold arrangements to last up to 49 years. Not as generous as arrangements made by Portugal or Yugoslavia perhaps, but a sign that old entrenched attitudes were finally giving way to a near-openness.

Metin Munir

Increase in joint ventures

TURKEY IS beginning to reap the benefits of the open door policy to foreign investors initiated just over three years ago when the successful economic stabilisation programme was launched.

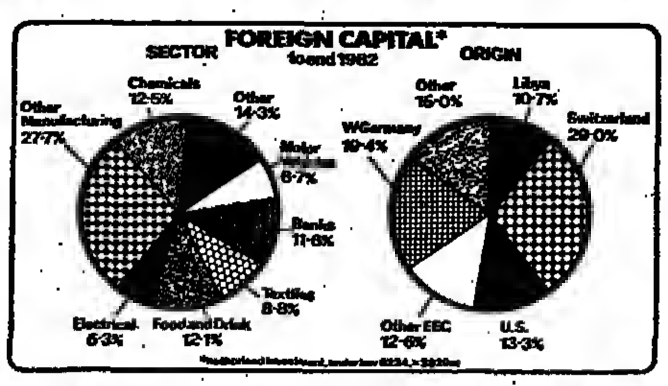
The number of joint ventures operating in the country rose from 100 in 1980 to 170 in 1982 and authorised investment in the same period climbed from (cumulative) $325m to $880m, according to the state planning organisation.

Some 80 per cent of this latest investment was financed by the so-called non-guaranteed trade arrears, that is to say debts to foreign suppliers which Turkey could not settle. In other words, companies already operating in Turkey converted the debts owed by the Government into funds to increase their working capital or pay for equity in new investments.

But even this somewhat compulsory investment reflects a restoration of confidence in Turkey: in the late 1970s many foreign companies got so fed up with rampant terrorism, inflation and bureaucratic bostilities that they seriously considered quitting Turkey. Indeed, a few did. For several years preceding the 1980 coup, virtually no foreign investment had been made.

That the existing companies decided not *only* to *stay* but to make modest investments to increase their equity or output is the first if somewhat negative success of the new policy.

This may be just the beginning.



It is highly probable that, if the economic and political environment created in the past three years is sustained, overseas investments may grow substantially in the course of this decade.

The reasons for the change are:

- The economic crisis has subsided and considerable progress has been made towards recovery,
- Turkey has become probably the most stable country in the eastern Mediterranean,
- The country has carved out a strong and growing market in north Africa, the Middle East and the Gulf. This has made Turkey more attractive to investors because it has become a base for exports to these regions.

Export performance in the past three years has shown that Turkey enjoys several natural advantages for investors. These inclnde the cheapness of labour, surpluses of high quality agricultural produce and proximity as well as political influence in Middle East *markets*.

Two new investments authorised recently set out to exploit precisely these two advantages. Daimler Benz's $170m expansion investment to prodnce civil and military trucks, buses and engines was inspired mainly by the cheapness of labour and the existence of ready markets in the Middle East. Projects by the London based Polly Peck and Cornell to manufacture colour TV and video sets under Thorn-EMI licence and to export citrus fruits and mineral water are designed to exploit similar comparative advantages: cheap labour, proximity to the Middle East and surplus agricultural produce.

Mr Husnu Dogan, director of the state planning organisation's foreign investment department (FID) said: "I am satisfied with the progress we have made so far, modest though it is. We were not expecting a dramatic upsurge. We believe that in the medium term, as political and economic stability take root, overseas investments will grow. In tha meantime our duty is to make Turkey as attractive as possible."

Wide range

Turkey is offering a wide range of incentives to overseas investors, which varies according to the sector, location and export potential of the project. Major incentives include:

- exemption from customs duties and other import taxes up to 100 per cent,
- investment tax credit, up to *60 per cent of total investment*,
- medium term domestic credit and short term export credit at subsidised interest rates,
- retention of a proportion of export earnings,
- tax deduction equal to 20 per cent of export revenues,
- tax rebates, up to 25 per cent of export earnings,
- loss carry-forward up to five years.

The Government has selected four sectors which enjoy priority: agribusiness, mining, petroleum and tourism. Various laws have been amended to create new incentives for overseas investors in these fields.

Turkish experts point out that the Government needs to take stock of the situation and correct several points about which overseas investors are complaining. Prominent among these is the tax burden, which is 40 per cent for Turks and 52 per cent for foreign investors. Similarly, foreigners' tax obligation on income accrued from exports is higher than Turks'. Again, overseas investors do not benefit from investment allowance in spite of rulings by the supreme court in favour of foreign investors. Non resident tax payers do not benefit from fixed asset revaluation.

All of these points fall within the jurisdiction of the Ministry of Finance which is in conflict with the foreign investment department. Experts believe it is vital that this dispnte be resolved.

M.M.

As the number of nationalised concerns grows so does the range of their activities. **Metin Munir reports**

Uphill struggle to reform state conglomerates

"AN INDUSTRIAL MOLOCH" was the unkind description once made by an American economist of the iron and steel works at Karabuk, one of the earliest and most important of Turkey's state economic enterprises (SEE). Three decades after that reference to the Canaanite idol to whom children were sacrificed as hurnt offerings, Western economists still concur in singling out the large slice of the economy under state management as one of the major factors inhibiting rapid growth.

The slice is a large one. Over 40 per cent of Turkey's industrial production comes from the SEE, despite the dramatic growth of the private sector since 1964. What's more the number of SEEs and the range of their activities is growing.

Some SEEs cover the kind of public service and utilities such as rail transport, postal and telecommunications services, and broadcasting which are usually the preserve of the state in a mixed economy but many do not. SEEs make cement, paper, textiles, sugar, electricity, machine tools, batteries, tractors, munitions and cigarettes. They also run banks and have a network of credit, marketing and distribution systems which dominate the argricutural sector.

Among the industrial producers, there is only one outright monopoly—Tekel, which makes alcoholic drinks and cigarettes. The other industrial SEEs operate in fitful competition with the private sector. Sometimes they benefit from the fact that they are guaranteed a market in eupplying raw materials to private aector firms. Sometimes direct competition is embarrassing, as for instance in tyre manufacture. In the last five years the state tyre corporation, Petlas, sited in a wilderness near the central town of Kirsehir, has not managed to pose much threat to the main private sector tyre makers Lassa.

In January, 1980, when Mr Turgut Ozal proclaimed his austerity measure, the SEEs were high on the list for reform. Subsidies to most products (except fertilizer) were ended and realistic pricing policies addopted. Mr Ozal himself and ministers linked with him made it clear that if the job were left to them they would like to sell off some of the SEEs to the private sector.

Three years later, as with much else in the Ozal programme, the results are somewhat hlurry. The existing SEEs have slimmed down their workforces—by about 15 per cent, though as the number of SEEs has risen total employment in this area appears actually to be a hit higher.

Government transfers from the budget to the SEEs, which were TL 40bn in 1978, have risen slowly to a target level of only TL 109bn this year despite inflation.

But few would accept that the nettle has really been grasped. Certainly SEEs are not withering eway. From 26 in 1978 they have risen to 43 today. Several infant industrial projects, which Mr Ozal's followers hoped would be strangled in their cradles, among them the state motor corporation Tumosan, are now beginning to crawl.

Privatisation is out of favour with Mr Adnan Baser Kafaoglu, the Minister of Finance, whose own instincts are clearly interventionist. The private sector, squeezed by tight money policies, continnes to suspect discrimination.

On one hand it must buy many of its inputs from the SEEs and cannot import cheaper alternatives. On tha other hand there are persistent attempts to enlarge the sphere of the state sector'e monopoly—for example in draft legislation on shipping.

Some SEEs are bolder in adapting to a challenge than others. The recent mining disaster at Zonguldak cast an embarrassing light on the old-fashioned methods of production in pits belonging to TKI coal works. But the state petroleum corporation TPAO is almost a model of what an innovative, outward-looking public sector enterprise should he.

TPAO, whose structure is shortly to be transformed into that of a bolding company has lobbied vigorously under its General Director, Mr Ismail Kafescioglu, for change and for better conditions for foreign companies wanting to come into Turkey.

MKEK, the stete machinery and chemicals agency and its military electronics offshoot Aselsan are also usually singled out as pnhlic sector corporations which are both relatively well managed and are technologically forward-looking. But they, like TPAO, are in priority sectors seen by top decision makers as important to the country's survival. Few other SEEs have a similar standing.

One—Tusas, the embryo state airlines corporation—perhaps would not exist at all if strictly economic criteria governed policy.

But Turkey'a generals want to see Turkish-built fighter jets flying in the skies before the end of the century. Whether Turkey is wise to allocate its resources to such an investment rather than a more productive one is another matter. But Tusas is evidently here to stay.

Successive Ministers of industry have tried to produce legislation to reorganise the SEEs. Essentially ell such proposals divide them into service SEEs and industrial ones. The latter would have to find their feet in the market.

One paradox is that the consequences of the free market policies of Mr Ozal is an increase rather than a reduction in the number of firms owned by the state.

Fearful of the social and political eosts of monetarism, the Government has rescued two major textile concerns—Milli Mensucat and Guney Sanayii—and taken over two hig finance houses, Banker Kastelli and Meban, as well as two banks. The private sector's one venture into heavy industry, the Bursa-based special steels plant Asilcelik, has similarly passed into state hands. Many other nearly bankrupt firms haye been lining-up for a Treasury rescue operation, according to the Press.

Changes are taking place—including the recruitment of better management, some from the private sector—and these may transform the SEEs in years to come. Equally, the World Bank has been refusing to disburse part of its structural adjustment finance until the Government prepares legislation to hring in changes. But it would be surprising if Turkey's administrators do not feel that their efforts to reform the SEEs so far have been little more than squeezing a balloon.

STATE ECONOMIC ENTERPRISES

Per cent of GNP

	1979	1981	1983*
Net operating profit	−3.3	0.1	0.7
Total investment	7.9	9.4	7.8
Net financing requirement	11.2	9.3	7.1
of which budgetary transfers	3.8	3.7	3.3
Central Bank	2.5	0.5	0.1
net foreign borrowing	2.8	1.8	1.3

* Programme

Source: Ministry of Finance

Textiles exporters pay price for swamping EEC markets

TURKISH textiles exporters are holding their breath. Their futures, and those of many of their suppliers, rest on talks to be beld at the end of the month in Brussels on EEC import quotas.

Viewed from the European Commission, the Great Turkish T-shirt controversy is just another trade wrangle clogging the files. But for Turkey's vital export drive, the issue is crucial.

The Turkish balance of payments figures spell it out. While in 1970 the industry accounted for just $27m in foreign sales, last year textiles and clothing dominated the statistics, contributing $1.1bn to the $5.7bn export total.

According to hank estimates, more than 60 per cent of Turkey'a overseas textile trade goes to the EEC, 95 per cent of its $300m cotton earnings and about two thirds of its $300m ready made garments exports.

The remainder is sold almost exclusively to North Africa and the Middle East.

Turkey's rapid entry into the EEC market only really took hold in the last three years. But the signs of an impending clash over the scale of the business first emerged in 1978 when Brussels proposed a 76,000 tonne ceiling on cotton yarn exports.

Grumbling turned to outright protest early last year when French and UK companies called for action against a flood of Turkish T-shirts. In part the Turks were to blame.

According to EEC figures, the Turks sold over 9.3m shirts in the first four months of 1982. Brussels reacted with a total ban on imports which in turn was answered with a 15 per cent Turkish retaliatory tariff on EEC iron and steel.

When the import ban expired in January this year, the Turks again rushed in to sell. In the six weeks before the EEC again acted, Turkey sold over 10m shirts to member countries or 20 per cent of total exports last year.

Since then, delicate negotiations have taken place. The EEC insists that quotas are introduced for eight product types ranging from T-shirts to bed linen. The Turks, after vociferous complaints, have now agreed to consider the scheme provided the numbers are right.

Justified

In many respects the Turkish cry of "unfair" is justified. They point out that the ban violates the country'a association agreement with the EEC; that non-associate countries' T-shirt exports far exceed the 3-4 per cent market share they have achieved; and the EEC benefits from Turkish imports of textile plant and dye stuffs.

Brussels replies, somewhat spuriously, that under Article 60 of the protocol, action can be taken where EEC member countries' economies face a crisis. It adds that en agreement reached on yarn sales also sets a precedent.

Either way, the argument is academic. Turkey'a steel tariff has little leverage. As one EEC official says: "The textile lobby is so much stronger than the Turkey lobby, we are just going to keep beating them on the head until they agree.

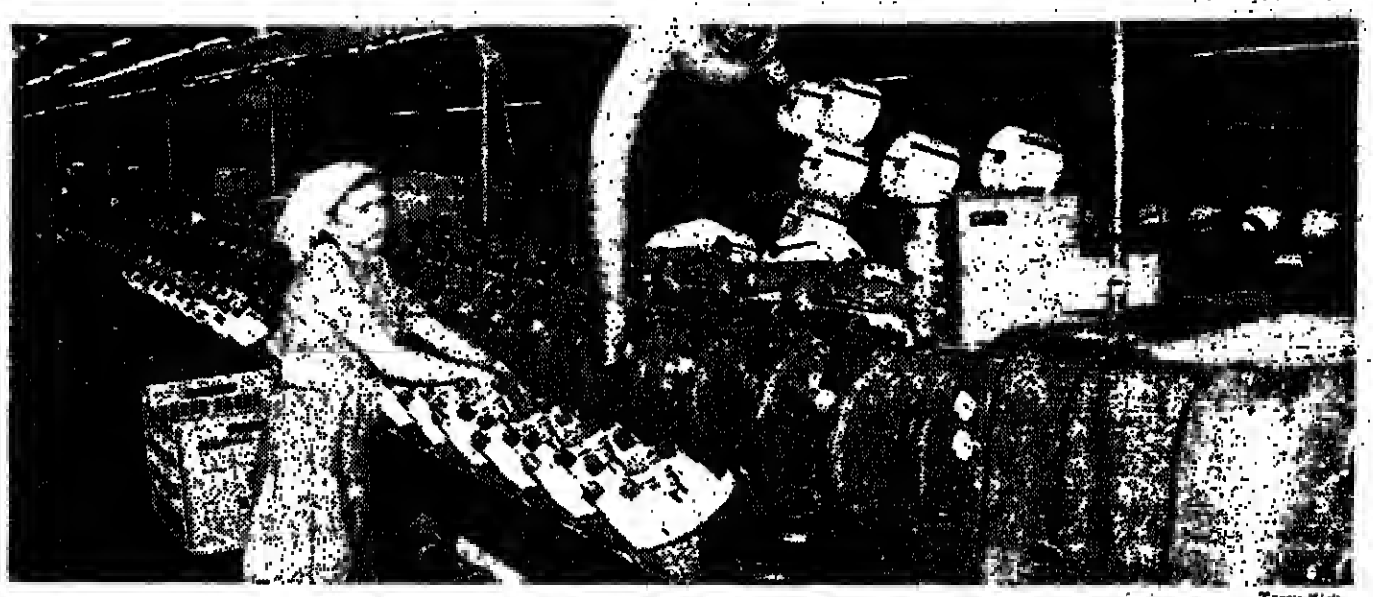
"But it might get quite unpleasant first."

The Turks privately acknowledge this. Mr Mustafa Soykan, an economist specialising in the textile industry at TSKB—the Turkish development hank vigorously protests et the EEC action. Yet he adds: "Flooding the market wasn't tactful. We are new to the game and we are still learning the rules."

This bitter learning process has produced two schools of thought on the future of the Turkisb industry. The pessimists, among them Mr Halit Narin, the President of the Turkish Confederation of Employers' Association, believe tbat the EEC action, labour costs end the hard currency cost of new plant will stifle the industry.

"In 10 to 15 years it will have moved from Turkey to the Middle East," he tells visitors to his factory.

Mr Eyup Ilyasoglu, a leading member of the Exporters' Association, agrees in part. "The garment industry is finished in Turkey — at least in the short term," he says. "Growth will halt altogether for a while, and then it will begin again. But only very slowly."



Terry Kirk

The Bozkurt textile plant. Turkisb textile exports to the EEC are partially offset hy purchases of machinery and dyes.

Others — Mr Soykan among them—are positively bullish.

Mr Soykan argues that the industry is ideal for the country's development strategy. It is e low energy user, high employer of labour and can capitalise on e domestically produced raw material.

Turkey's close proximity to major markets is a major advantage over Far Eastern rivals. So are labour costs. TSKB figures put the average cost of textile operator per hour at $5.39 in the UK, about $1.45 in South Koree and Hong Kong but only $0.96 in Turkey.

To an outsider, Mr Soykan's analysis looks correct, though there are important areas for improvement.

The Turkish industry is short on capacity, good middle management and skilled staff and weak in marketing skills. It badly lacks capital for expansion and new plant. (Guney Sanayi the largest private company, was bailed out by the Government last year after borrowing TL 18bn on capital of just TL 100m.)

The solution could lie in partnership deals with Western companies, though this is a move the traditionally conservative family owned companies tend to resist.

As one observer of the industry reflects: "We must learn from the experience of the last year. There is a tendency in the Turkish to look for easier options when the going gets tough—we can no longer afford it."

Heeding this advice, Turkish textiles could be the growth stock of the future. In the meantime, Mr Ilyasoglu has decided to look at the aeroplane industry instead.

Ivo Dawnay

Motor sector continues on upward trend

FROM ANKARA it takes an hour and a-half's drive through the bare central Anatolian countryside to reach Hema Disli's brand new gear and transmission plant near Polatli. There, under a licensing agreement with Eaton, transmission systems are being made to supply virtually the entire next generation of Turkish trucks.

If, instead of driving west to Polatli from Ankara, you go north (you will find the going slow because these days Turkey's roads are often congested with Turkish-built cars and trucks), just before Esenboga Airport you arrive at the MAN heavy diesel engine factory, inaugurated last July. Here, with a total investment of Tl 8,000m K8,000m, MAN and its local partners led by Ercan Holding, are making truck engines.

Agreement

Go south from Ankara to Aksaray and you come upon another big motor industry project now getting under way, the Akmosan diesel engine project also involving a licensing agreement with a foreign company and a mixture of Turkish privaet and public interests.

Among the by-now very diverse forms of the Turkish motor industry, the most resounding success story has to be that of the Otomarsan Company in Istanbul, which makes Daimler Benz huses. Production, eround 1,400 a year, is small by European standards, but Otomarsan has to operate at over 100 per cent of capacity to met demand.

Among its regular customers are municipal authorities in Iraq and Egypt, and Otomarsan's chiefs have to make a policy decision each year that is rather unusual in Turkey — how many export orders should they turn away in order to meet the minimum reasonable demands of the domestic market. For Turks, building cars and transmission systems is a kind of adventure because it proves that the country's managers, technicians, and skilled workers can meet the challenge of an industrialised society.

"This is industry of the first generation," said a Hema official. "Setting up this factory was a big challenge—more than we could easily chew, some might have said. But look over there. You see a man with a measuring gauge checking the quality of steel in a carbonised gear; then think of tha world his father was born into, and see how far we have come."

When Turkey's economy ran into difficulties in the 1970s it seemed as if the country's fledgling motor industry was the chief symbol of e decade of mistakes by its economic planners. Few sections of the motor industry looked able to survive without hothouse conditions. When Mr Ozal's reform sucked the domestic demand out of the market, it was the motor industry which was hurt most. Output of passenger cars fell from 58,252 in 1977 to 25,302 in 1981. Buses and minibuses slumped from 7,596 to under 4,000.

By the first quarter of this year however, the Turkish motor industry was continuing a atrong upward trend hegun in 1982. During the January to March period, 8,964 passenger cars were turned out and one firm, Oyak Renault, had experienced a rise of 144 per cent in output. Sales too were climbing again.

The areas of success can be grouped into two. Firstly there are some products such as tractors and passenger cars tor which there is both strong domestic demand and a lot of protection. This is especially true of the tractor sector.

More encouraging, however, some Turkish motor manufacturers heve selected products for which there is modest international demand hnt which are no longer being made by parent companies. Hema'e transmission systems and Otomarsan's buses fall into this category. Both have been repaid with steady export orders which seem likely to continue. Hema is currently selling some transmission systems to Belgium.

Having mopped up so much investment, Turkey's motor industry has yet to prove itself. In the long run it can only be justified if it follows the precedent of the Spanish motor industry and can hold its own in international markets. Some Turkish motor industry chiefs are adamant about the quality of their product. "Our Renault passenger car made in Turkey can take its place along with the best Renault cars throughout the world," says a Renault official in Istanbul.

M.M.

TURKEY'S INDUSTRIAL GIANTS

On the left Mr Vehbi Koc, at 82 the grand old man of Turkish industry and pioneer of the car industry in the country. Mr Sakip Sabanci (right) heads the rival Sabanci Holding, owners of Lassa, the country's major tyre plant. Both men's groups have around 80 companies, sales of around $2bn (on a partially consolidated basis), and a wide range of interests including banking.

Contracts being awarded from one end of the country to the other, says **David Tonge**

Public works programme stepped up

TURKEY'S PUBLIC works programme is now re-emerging as a major source of fresh contracts. This year expenditure on public sector investment is forecast at over TL 1,000bn ($5bn), or around 11.5 per cent of GNP. Contracts are being awarded from one end of the country to the other, and in sectors ranging from diesel engine manufacture to sewage works.

After two years of tidying up the confused mass of pork barrel projects which it inherited, the present government has this year begun to set its stamp on the future.

Infrastructural projects such as roads, railways, ports and bridges are one of its current priorities. Another is in ensuring Turkey is protected from the energy and electricity shortages which have plagued the recent past.

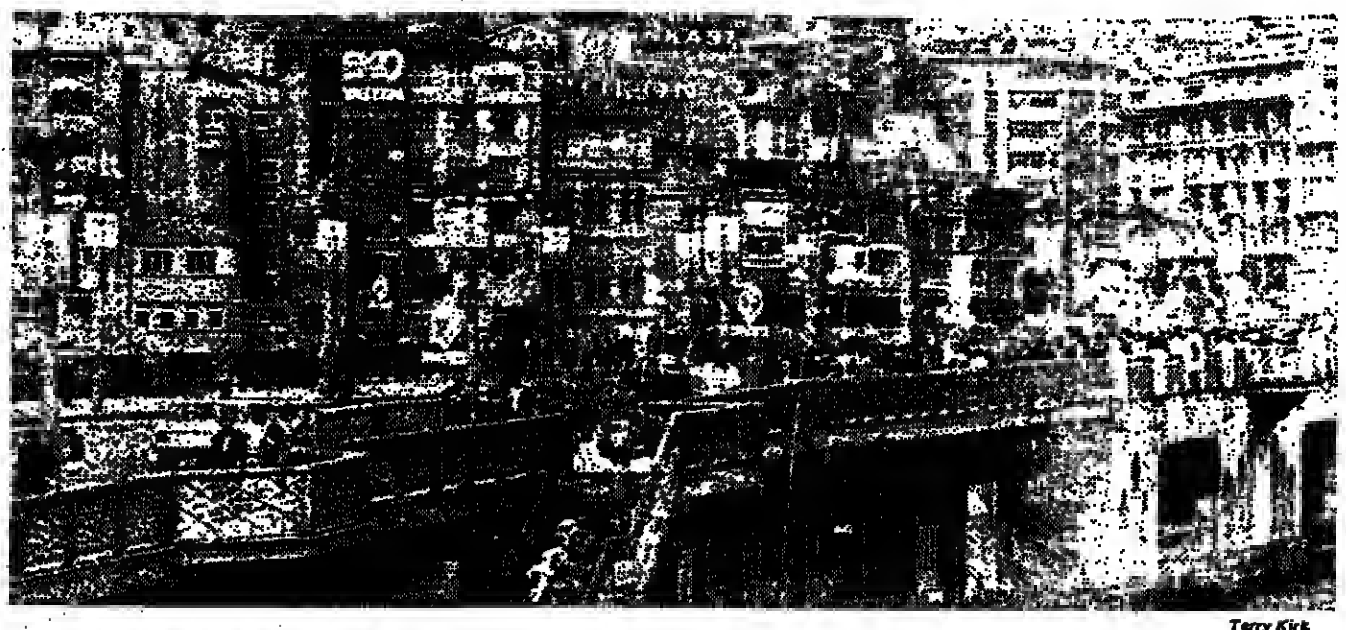
These priorities show up clearly in this year's public works programme. They will also form the backbone of the 1984-88 five-year plan which is now being completed, according to Mr Yildirim Akturk, head of the state planning organisation.

"We found ourselves faced with 9,000 public sector projects under way and only enough money to complete all of them in 10 years. We shelved some and chopped others. Infrastructure is now the prime target," he says.

All this is a major shift from the strategy prevailing before the coup when successive governments outbid each other in the grandiose plans which they successively laid before the public.

Turkey was to become one of the great industrial powers of the world, and the state sector was to lead the way.

Plans were proudly unveiled—sometimes by candlelight because the electricity had just been cut. Foundation stones were laid. Today both plans and stones are largely gathering dust as the Government has reverted to the idea of creating the preconditions necessary for the private sector. The new thinking goes back to the phrase of Mr Suleyman Demirel, the former Prime Minister, that Turkey is a "giant in child's clothing." The main present projects are designed to free the giant to grow.



The crowds on Istanbul's Galata Bridge. Contracts to replace this corroded pontoon bridge should be put out to tender next winter.

Terry Kirk

Ataturk Dam: A $3bn scheme designed to transform the agriculture of the Haran Plain in upper Mesopotamia as, on a far smaller scale, the dam on the Seyhan has transformed that of the Cukorova aree around Adana.

The E5 highway. Turkey is now working to upgrade its section of this artery connecting Western Europe via Sofia, Istanbul and Ankara to Syria and the Arab world. Contracts are now being finalised for turning the second half of the 270-mile (430 km) stretch between Istanbul and Ankara into a four-lane carriageway. The Kuwait Development Fund has just lent Turkey $19m towards widening a spur road to the Iraqi border. Turkish firms usually have an overriding advantage in such contracts.

The Eastern Trans European Motorway. This 6,200-mile (10,000 km) project would link Gdansk on the Baltic with the Caspian and the Gulf. One-third of the project would be in Turkey.

It would share the Istanbul to Ankara route of the E5, then split into two, one branch going into Tehran and the other to Baghdad. The countries involved are now discussing design standards. It would largely require national financing, though Dr Tahsin Onalp, the Minister of Public Works, does not exclude an approach to the World Bank.

The Second Bosphorus Bridge. Ten years after building the first link across the Bosphorus since Xerxes's pontoon bridge, the Turks are now finalising preparations for a second road link.

The bridge and 25 miles of approach roads needed will require $75m in foreign exchange and around $175m in local currency, but Dr Onalp says he hopes that within one year the construction work will be put to international tender. The cabinet is considering a decree which would shortcut the process of awarding the design contract.

Most ministers are keen to see this contract awarded to Freeman Fox, the British firm whose revolutionary and elegant box design was used in the first Bosphorus crossing. It is the same design as the Severn Bridge. The government insists finance can be found. Already the present Bosphorus crossing is subject to traffic jams.

Railways. These come second only to roads and bridges in the Government's 1983-93 expenditure plans, taking TL 711bn compared with the TL 1,153bn for roads in the total expenditure TL 2,619bn ($24bn) foreseen (in 1981 prices).

Dr Onalp describes as a major Turkish priority the completion of the new track necessary to halve rail travel time between Istanbul and Ankara. This requires laying a new and more direct line, around 100 miles shorter than the present track laid over 70 years ago.

Work is now proceeding on the 80-mile Sincan-Cayhan section of this track with one-third of the six-mile Ayas tunnel already complete. Final designs are still necessary for the Cayhan-Adapazari section. The World Bank has asked for a new feasibility study of the overall project.

The Government's plans also involve quintopling the length of electrified track to 700 miles by 1993, major expenditure on signalling equipment, and increasing the number of diesel locomotives from 394 in 1982 to 752 by 1993 and the number of heavy electric locomotives from 19 to 138. Tenders for joint manufacture of locomotives under licence are now being issued. Other plans involving the railways are described in the article on Turkey's freight transport.

The Istanbul Underground and Bosphorus Tunnel. Turkey is split between those who are most horrified with the traffic problems of Istanbul and those who are most horrified by the cost of doing anything about them.

The engineers are clear. An initial 10-12 kms (6-7 miles) of underground must be built at a likely cost of around TL 10bn ($50m) per kilometre. Only if the "metro" is built and linked in with the rail network does a Bosphorus tunnel to connect the railways of Europe and Asia Minor become feasible before the year 2,000, according to Dr Onalp.

The Ministry of Public Works is in the process of finalising a contract with Istanbul municipality allowing it to take over the underground project. It has recently signed a similar contract with the municipality allowing it to handle a new Galata Bridge to replace the present "Old Lady of Istanbul"—the historic pontoon bridge which is now finally finding it an unequal task to prevent the noxious waters of the Golden Horn from sinking it. Mott Hay Anderson of Britain recently won the design contract for the new Galata Bridge. Construction should be put out to tender after October.

"The underground needs to be handled quickly," says Dr Onalp. The World Bank, mindful of its problems with the Calcutta underground, is insisting on a full feasibility study.

Dr Onalp says the Turks are looking for a consultant to update the existing feasibility study for the underground, help in the design of tenders and, possibly, oversee the construction.

A British consortium of Transmark (the engineering side of British Rail), Mott Hay and Anderson, London Transport International and Kleinwort Benson has offered its services.

However, the Turks say that if the British Government cannot find funds to finance the £3-5m of consultancy work involved, its legislation requires it to put the consultancy work out to tender.

Sewerage and water. The British firm Binney John Taylor are now carrying out design work for Istanbul's sewerage system. Similar work is underway in cities like Izmir.

Contractors face up to period of consolidation

APRIL WAS a mixed month for Mr Sarik Tara, owner of Enka, Turkey's largest construction company, and the uncrowned king of his country's foreign contracting boom.

On the one hand, he won the ever-popular distinction of being Istanbul's most munificent taxpayer with a bill for over $1m; on the other, his company failed to secure the final Saudi signature on a major, multi-million dollar project which had been agreed in all but name.

Of the two events, the first was undoubtedly the most newsworthy. Turkish contractors are viewed by their countrymen as the new "crusading Sultans" of the commercial world—universally applauded for their lucrative plundering of North Africa and the Middle East which has lifted order book values from $1.63bn in 1978 to a projected $14bn-$15bn this year.

Against this background, news of unexplained cancellations of contracts is doubly unwelcome. (Indeed, Mr Tara insists that the errant Saudi signature is probably only delayed.)

Nevertheless, Turkish contractors privately admit that the oil price cut along with the unrelenting Iran/Iraq war will continue to act as a brake on growth rates. A period of reflection and consolidation has begun.

Diversity

That is not to say Turkey has caught OPEC's cold. In March alone, eight contracts, of which six totalled $265m, were won in Iran, Iraq and Saudi Arabia. Their diversity also demonstrates Turkey's growing range of technical skills.

The deals include:

- A Sezai Turkes-Fevzi Akkaya port project in Iran;
- Electrical installation work for AEG-Eti, also in Iran;
- A joint venture between Enka and Toyo of Japan to enlarge pipelines from Iraq;
- Several other partnership deals involving Saudi and Turkish companies.

Nevertheless, the squeeze on the oil economies gives a breathing space to the Turks which they cannot afford to squander.

First, heavy reliance on the Libyan market must end. Good relations between the two countries formed the catalyst for Turkey's boom when, in 1980, Libya began to accept letters of guarantee from Turkish banks which had been ignored elsewhere.

Today, Libya still accounts for almost 70 per cent of all foreign contracts, and the majority of smaller contractors accounting for $9.4bn in business over the last five years. Many of these were badly hit last year when payment arrears rose rapidly to between $100-300m. Though they have since eased to manageable delays of about 2½ months, the shock has added impetus to the drive for contracts elsewhere.

A second lesson comes from events in Saudi Arabia where $3.4bn in contracts have been won. With the country's basic infrastructural projects now virtually complete, the pressure on Turkish firms is increasing. Low-profit margin contracts in housing and roads are giving way to sophisticated technical schemes where Turkey's price advantages are more vulnerable to the highly skilled Western European and U.S. companies.

For the highly technically proficient companies—and there are several—the Saudis present other problems. New requirements demanding 30 per cent of all contracts be delegated to local companies puts new organisational strains on Turkish managers who until recently have prided themselves on their fully-integrated engineer-to-labourer capabilities.

The Saudis in an uncharacteristic display of penny pinching, have also reduced advance payments from 20 to 10 per cent of the contract value—a move that most hurts the undercapitalised Turkish industry.

At the same time, the Saudi Arabian Management Agency (SAMA) has extended its acceptance of letters of guarantee up to $20m from Turkiye Is Bank to an $11m facility for the Anadolu Bank—a gesture which is rendered somewhat irrelevant by the growing trend towards favouring contractors whose tenders include their own financing packages.

Financial organisation, therefore, is the third key area for revision. Mr Alev Gocmez, a Citibank economist who has studied the Turkish industry believes that the under-capitalisation problem will only emerge in bids for big projects.

"The question is how far the company is spread. Until now the big contractors have hardly used loans but have simply used advance payments. Bridge financing can be found—but if it is a big project with heavy mobilisation costs, one bank alone would not be sufficient."

Mr Gocmez insists that it is then that the Turkish contractors' most serious deficiency would be exposed—a lack of accepted accounting procedures.

"Presentability is the biggest problem," he says. "The big companies have now started to get their accounts properly audited, but many of the smaller ones have not even begun."

The final key to Turkey's assault on new markets will lie with the Government.

The major companies are particularly envious of their Western rivals' country risk insurance schemes and the vigorous manoeuvring for contracts through diplomatic channels.

Optimistic

This point is acknowledged in State Planning Organisation's fifth five year development plan. It estimates that Turkish companies could secure $10bn in contracts annually from the Middle East and North Africa alone over the next 10 years.

But it adds: "This is not an optimistic estimate. Turkish contractors can exceed this amount. However the support of the State is needed for the realisation of this target."

The SPO projections are indeed realisable. And if there is room for improvement, there are also lessons for the Turks' western competitors to learn.

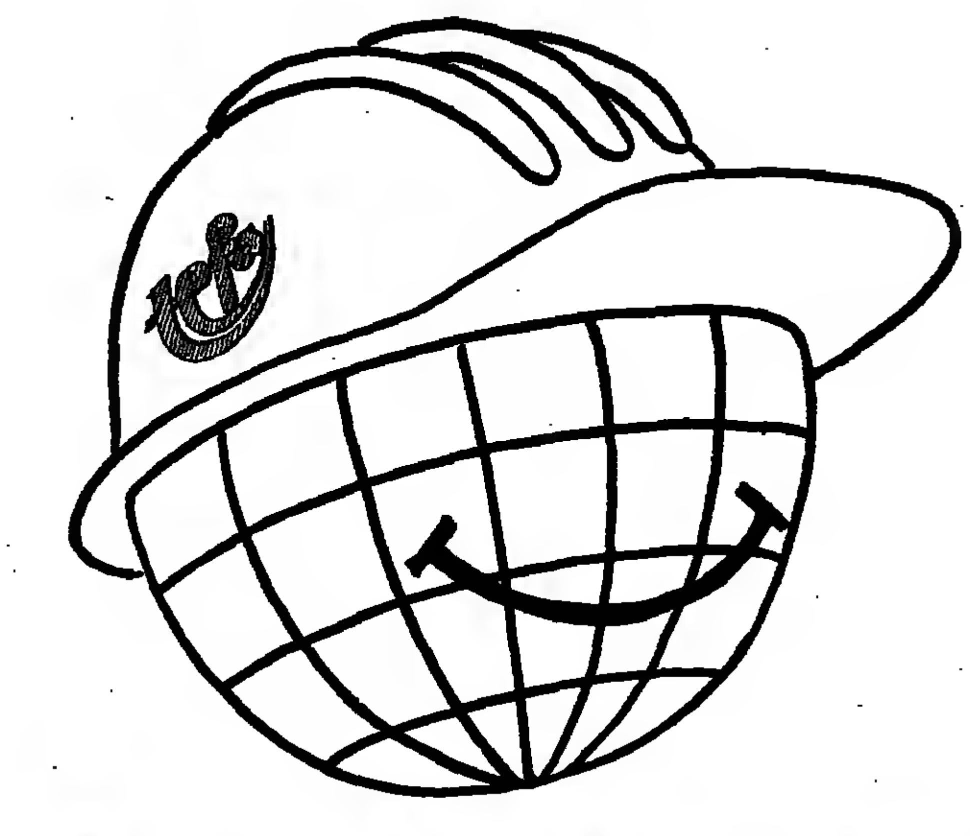
Sour grape jibes that the Turkish industry has merely capitalised on Islamic solidarity and cheap labour are now widely discounted even by the most prejudiced rivals. Only a few contracts have been won in the exclusively Muslim holy sites, and Turkish labour is in fact markedly more expensive than the Korean and Pakistani teams subcontracted by U.S. and European companies.

The Turks keep their edge largely through nimble and opportunistic management, a highly productive and flexible labour force, and consistent high standards in meeting technical requirements and completion dates.

Expansion into new markets—mainly in north and central Africa will inevitably involve a learning curve. To date, $57m of orders, accounting for just 0.5 per cent of 1982's $12.5bn total, have been won. But a beginning has been made.

Mr Nurettin Kocak, chairman of the Turkish Contractors Association, is predicting a "second explosion" of growth in 1985. By that time, he says, organisational and financial improvements coupled with enhanced experience and prestige will make the Turkish industry "terribly competitive."

Ivo Dawnay



Terry Povey on electronics

Getting off the ground

THIS YEAR sees the start of an ambitious 10-year "master plan" for Turkey's telecommunications system. Around TL 1,000bn ($4.8bn) will be spent on installing an automatic dialling system throughout the country, a 1,000-channel ground station for international calls, a new telex system, a data transmission system and connecting the country to the European telecommunications satellite.

About 30 per cent of the money will be spent in foreign currency and, although there are no firm contracts signed yet the Netas company (in which Narden of Canada has a 40 per cent stake) has been closely involved in drawing up the plan.

Local manufacture is an important element in the plan and could provide the first real base for a Turkish electronics industry outside the assembly of household goods. The Post Telegraph and Telephone (PTT) state company has a research and development unit near Istanbul which two years ago began the production of equipment to boost line capacity — a critical problem for the country's overloaded system. This same plant is to produce a micro-wave system under licence.

Netas already produces 200,000 line exchanges. Asalsan's Testas unit is due to start printed circuit manufacture this year for mainly military uses.

Turkey has some 1.6m lines at present and by 1993 it is forecast that it will need more than 3m. The priority is to improve the existing system and then to expand it, say state planning organisation officials.

On the consumer side little expansion is planned, presently there is a rather premature experimentation with colour transmission on the one existing television channel. The country has some 6.5m sets, one in nine out of 10 homes with 90 per cent of these assembled in Turkey. Some 600,000 sets a year—about one-sixth of them colour — are being produced. Thorn-EMI is considering joining Philips and other producers involved in licence agreements or ventures in Turkey.

Plans for a second channel exist but it could be five years before anything comes of them.

Turkey is self-sufficient in radio and hi-fi equipment assembly and there are no expansion plans in this area.

Testas (in Ankara and at Aydin, Nera Izmir) has set up two factories to produce basic components, printed circuits, transistors and resistors.

Terry Kirk

Quality control at Bekoteknic, the Koc Group's TV factory which has 25 per cent of the local market. Colour broadcasting has now started in Turkey and the country has some 6.5m sets.

Ivo Dawnay reviews the country's energy policies

Government takes steps to woo oil majors

THREE years ago the privilege of a penthouse flat was something Istanbul and Ankara's ultra-rich could do without. Sporadic power cuts—aimed at cutting the nation's oil bill—made the use of lifts a calculated gamble.

The price of a dramatic view was measured in aching ankles.

Today, Turkey's export-led boom has had equally painful ramifications for the country's hard-pressed energy industry. If, as projected, annual growth averages out at between 6 and 6½ per cent of GNP, the consequences for demand are daunting.

Currently the country imports 45.4 per cent of its energy requirements—of which 43 percentage points are attributed to oil. And though there are plans for a massive expansion of hydro-electric and thermal power capacity, it is with the domestic oil sector that the Government's hopes, and fears, ride.

According to the latest OECD report, oil imports in 1981 accounted for about 40 per cent of the total import bill. A moderate volume increase in 1982 was more than offset by the 10 per cent fall in prices—cutting the dollar value of imports by an estimated 5.5 per cent.

This year alone the fall in oil prices is expected to save the country about $600m on its 1982 total oil imports bill of $4.1bn.

But the saving is paltry when viewed against projected demand. Figures prepared by the State Planning Office anticipate domestic oil production to rise from the 2.45m tonnes achieved in 1982 to 5.7m tonnes in 1988 and 6.3m tonnes by 2000.

However, in the same period demand — 16.6m tonnes last year — is foreseen to rise to 23.7m in 1988 and then leap to 37.3m tonnes by the end of the century. Total energy demand, including power from thermal and hydro electricity and coal and lignite, is expected to rise from its current 29 Million Tonnes of Oil Equivalent (MTOE) to 48.3 MTOE within five years and then almost double to 90 MTOE.

Influence

In this context, it is hardly surprising that Turkey's oilmen are using all their influence on the Government for a major injection of cash for exploration.

This year TPAO, the state oil concern, is seeking to double its TL 24.7bn or $125m budget. Officials point out that though it is known there are oil reserves, exploration has been minimal.

As one said: "In all our history, we have drilled only 1,800 wells while Romania drills 1,000 wells a year."

The explanation for the lack of foreign interest is simple enough. In Turkey's most promising locations—principally in the South East of the country—the terrain is largely composed of a combination of bauxite and limestone—the worst conditions for seismic testing.

What is more, so far virtually all the finds have only teetered on the edge of economic good sense. There have been plenty of strikes of 3m to 4m barrels, but virtually none in the attractive 10m to 20m range.

"Turkey keeps its oil in buckets and we are looking for lakes," was how one Western company put it.

Nevertheless, after a slow start during which it looked as if Turkey had slept through the oil price rises of the seventies, steps have now been taken to woo the majors.

This spring, the Government formalised a law allowing remarkably generous terms to prospectors. Its most important components guarantee equal treatment with TPAO, a tax ceiling of 55 per cent, with the option of paying 12½ per cent in kind, and the right to export 35 per cent of onshore and 45 per cent of offshore output.

So far—apart from Shell who have been in Turkey for 60 years—the bait has failed to hook any big fish. As one company sceptically remarked: "It is the old, old story, when the prospects are poor the terms are good—they soon change after a big strike."

This view is vigorously contested by Mr Ismail Kafescioglu, TPAO's chairman and one of the main architects of Turkeys exploration drive. "Turkey has always honoured her agreements and her debts," he says.

Mr Kafescioglu could be forgiven, however, for praying for another major rise in the price of oil. Though a number of smaller oil companies—Lennox of Scotland, Barrick of Toronto and a U.S.-Canadian-Norwegian consortium—have come in, of the major so far only Texaco has bitten even to the extent of signing a protocol.

ENERGY
Sources of electricity generated %

	1974	1977	1981
Fuel oil	46	34	22
Hydro-electric	25	42	51
Lignite	18	18	24
Coal	11	6	3

Oil production 1979 70,000 b/d; 1981 47,000 b/d. Annual consumption of electricity per capita: 545 Kwh.

Confident

The TPAO chairman — renowned for his persuasive charm—is confident that this will change. "My strong point," he argues, "is the balance of geological risk versus the political risk. In a mercurial Middle East and North Africa, Turkey today is the most stable country. Within 10 years there will be many companies in Turkey."

In the meantime, TPAO is investing the bulks of its nerves and skills in a major secondary recovery project at its Bati Raman field in the South East. The World Bank has put up $62m for a highly sophisticated gas injection scheme aimed at lifting recoverable reserves from between 25 and 50m tonnes to 250m.

Elsewhere, the Bank is said to be interested in gas development in Thrace. The 40m cubic feet reserves already found could, according to some estimates, be quadrupled.

However, it is in thermal and hydroelectric power together with a nuclear programme (see box) that Turkey sees its main alternative to oil.

Here the Turkish Electricity Authority (TEK) has ambitious plans, though many are dogged by slow progress. The most notorious of these—the Afsin-Elbistan lignite fuelled power plant—earlier this year succeeded in getting its first 340 mw turbine in service, five and a half years later. The other three units have been shelved indefinitely.

Work is proceeding faster on several of the major dams and plants. But the Ataturk dam with a 24,000 MW capacity is still largely a dream on a drawing board.

For the present, it is hard to see how the country is going to meet its target of doubling the current 32,400 GWH within the current five-year plan. The ankles could soon be aching again.

David Tonge on nuclear energy prospects

Reactor deal could come 'within months'

NUCLEAR ENERGY appeals to the Turks. They need it. It has a many modern resonance. And it is a cheap option—or so they argue. "It is a buyer's market," says Mr Yildirim Akturk, the head of the state planning organisation, whose job includes helping sort out Turkey's investment priorities.

This confidence that nuclear suppliers badly need sales fits well alongside the Turks' belief that finding $500m-$1bn to finance a nuclear plant will not undermine their ability to raise funds for other projects. In Ankara officials argue that finance for the nuclear industry is complementary to rather than in competition with the funds they need elsewhere in the economy. The net result is that they are sitting back waiting for whoever will come up with a deal involving finance.

Mr Akturk says that Westinghouse, General Electric and Candu are setting the pace, but other officials say that no clear preferences exist. They also say that no decision has yet been reached over whether there should be one 600MW reactor, two such reactors or one large one.

All that is certain is where the Turks would like the plant to be built—near Silifke on Turkey's Mediterranean coast—and that they say they would accept International Atomic Energy Authority safeguards. (Greece has long kept a wary eye on Turkish plans in this field.)

Indication

At present Turkey has a 1MW "swimming pool" reactor at Kucukcekmece near Istanbul: this is being replaced by a 5MW research reactor. It also has a 250KW training reactor, a Triga mark three, at Istanbul Technical University.

An indication of the priority attached to the sector is the upgrading of the country's nuclear energy authority which now reports direct to the prime ministry. Officials involved in this authority and the atomic energy division of the Turkish electricity authority say that they hope to conclude a contract "within a few months." They are also pressing for uranium exploration to be accelerated: finds so far are of limited value.

The trouble is that Turkey has been here before. In the late 1970s it reached agreement with Sweden over the building of a 600MW reactor. Political and financial problems then caused this to fall through and Turkey next looked at a 400MW West German prototype reactor designed for sale in the Gulf region, Mr Akturk says. That too fell through. Instead of having a reactor finished in two years' time, as originally planned, at least another eight years seem needed for nuclear-derived power to flow in Turkey. For the time being Turkish plans in this field remain what one local magazine calls "a piece of paper in search of capital."

Agriculture

TURKEY XV

The country has more food than it can consume. To help boost exports, the Government is trying to increase foreign investment

The food which goes to waste

WHEN TALKING about Turkish agriculture it has become customary to state that Turkey is one of the fewer than 10 countries in the world which are self-sufficient in food, and that it has the resources to meet the growing demand in tho Middle East and North Africa for processed foodstuffs and meat.

What is less talked about or even known is that a small nation could virtually subsist on the foodstuffs which are wasted, thrown away or allowed to rot by the Turks.

The Turks are blessed with more foodstuffs than they know what to do with. Hamsi, a fish similar to sardine, is sometimes caught in such large quantities that fishermen dump it back inte the Black Sea to keep up its price. Tons of tea leaves have been known to meet the same fate. Sometimes, because there is so much fruit and vegetables, such crops as tomatoes, eggplants, watermelon and peaches are either not picked at all or thrown away. In the large cities the movable fruit and vegetable bazaars, which drift from district to district, often leave behind small hills of oranges and grapefruits: they are so cheap that if you cannot sell them it is more economic to leave them where they are.

So much bread is wasted that the Istanbul municipality was forced to launch a campaign to remind people that "the place for bread is not the dustbin."

There are two main reasons for this waste: Turks like their food fresh; they don't like tinned stuff. Secondly, agribusiness is not developed enough to absorb and exploit the surplus for agriculture or to even allow proper storage.

Presumably for this reason, since 1980 the Government has emphasised the promotion of foreign investment in agribusiness (which top the list of priority sectors, followed by mining, petroleum and tourism).

Tho Government, according to an official guide, permits foreign investment in tho following agricultural activities: seed prodnction, cattlo breeding and animal husbandry, meat processing, forage crop production, export-oriented fresh fruit and vegetablo production and tho food industry in general where exports are required to be a minimum of 30 per cent of production.

Foreign investment in these categories is eligible to benefit from a number of incentives consisting in the main of tax allowances and other fiscal incentives.

Furthermore, states tho guide, investments in the sector have been enhanced by certain new policies:

- reduction in crop price supports as well as in consumer price subsidies have helped rationalise the allocation of resources;
- export licences and minimum export prices have largely been eliminated, thus easing the administrative burden on exporting;
- private investment in the meat industry has been encouraged through the elimination of the Government's monopoly on meat.

The unchanging face of Turkey. Women enjoying a village meal.

Agriculture is Turkey's largest single economic sector. It provided 37.3 per cent of exports in 1982 and 19.3 of gross national product. As of December 1982 out of the total of 170 foreign companies operating in Turkey only three were engaged in agriculture and 15 in food and beverages. Their share of the total foreign capital in Turkey amounted to 2.35 per cent, and 11.79 per cent respectively.

Both domestic and foreign investment is expected to go up substantially in the course of this decade. The foreign investment department in Ankara says that there are more than a dozen applications, several of them involving U.S., British and German companies, for agribusiness investments.

Encouraged by these results the foreign investment department has joined forces with the union of chambers of commerce, industry and commodity exchanges of Turkey and the Turkish American Society is holding a three-day conference in New York en June 1-3 on the theme Turkish Agribusiness—Opportunities for U.S. Investment.

About 60 companies from the Middle East and the Gulf and somo 100 Turkish, European and American businessmen are to attend.

Yasar Holding of Izmir has made the first post-1980 large investment in agribusiness. This is a TL4bn meat works, which will be the first in Turkey to be built according to European Economic Community standards.

The International Finance Corporation lent the privately-owned Yasar Holding US$4m towards the project. The Government provided it with a 30 per cent investment allowance and 100 per cent exemption from import dues and other taxes from imported machinery. Yasar [illegible] a $8m a year export programme.

Turkey has had a moderate success with exports of tomatoes, tomato paste and canned fruit and vegetables. The major industrial groups, many of whom have been considering investments or joint ventures in this field, are now also thinking of challenging West Europe in its own specialities. In Istanbul Mr Ali Kocman, chairman of the Koctug group, says he is finalising details of a $5.5m poultry plant to be built in the Marmara area. This too may involve IFC finance.

Metin Munir

PROFILE: ALI NAIL KUBALI, CHIEF EXECUTIVE, YASAR HOLDING

Making the most of the land

ALI NAIL KUBALI, Deputy Chairman and Chief Executive Officer of the Izmir-based Yasar Holding, Turkey's fifth biggest private conglomerate, is one of the best of Turkey's first crop of professionals.

He comes from a family of civil servants and soldiers and was the first to venture into business, an endeavour which the Ottomans considered beneath them. "My father was with the Interior Ministry and my uncle one of the last generals of the Ottoman Empire," he says. "The family was always well educated and well placed in the bureaucracy but perpetually without money."

Mr Kubali, who was born in 1940, was sent to the best Turkish schools although his family could ill afford it. He finished the lycee in Talas, central Turkey, and went to Robert College—now Bosporus University—in Istanbul. On the eve of the 1960 coup Mr Kubali was arrested and spent two weeks in jail. His "crime" was bearing the same surname as his uncle, a professor and an outspoken opponent of the Menderes regime. He was released by officers who emptied the jails of students after they seized power.

When he finished the university he started taking postgraduate courses in economics.

"One day a coincidence changed my life," he says. "A friend came up to me and said he had some urgent business. He would have to be absent and asked me whether I could take notes for him. I asked him what his business was. He said he was taking an examination for a Fulbright scholarship."

Kubali: a coincidence changed his life.

Mr Kubali went along and won the scholarship. He recalls that he never felt as happy or elated as the day he left Turkey for St Louis. It was his first time abroad.

"Things went very well for me in the U.S.," he recalls. "I started teaching at several universities, worked for a government agency and became junior partner in a consulting firm." He and his wife moved into the suburbs and bought a new car. For the first time in his life he started saving money.

In 1971 Mr Kubali finished his doctorate thesis and decided to return to Turkey. After he completed his compulsory military service he answered a newspaper advertisement and was accepted at Yasar Holding as "assistant to the chairman." His first assignment: buying a mast for the yacht his boss was building for his new hotel near Izmir.

"I have had two axioms in life," he says. "The first is to do whatever is before me in the best way possible, however insignificant or boring it may be. The second is to train people and delegate authority so that only insignificant or boring things don't come before me."

At the age of 34, Mr Kubali became a member of Yasar's executive committee, probably the youngest age anybody attained such a position in Turkey.

The family-owned Yasar Holding (1982 turnover TL 50bn—$300m) manufactures half of Turkey's paint and dye requirement and is in dairy, tourism, brewery, fertilisers and banking. Under Mr Kubali's influence Yasar Holding switched emphasis from industry to agribusiness, the first large Turkish conglomerate to do so, and according to Mr Kubali, "profited enormously."

During the 1977-1980 crisis, which for some industries is still continuing, Yasar Holding managed to thrive and expand because of this new policy which diminished the impact of the foreign exchange famine.

"My theory has always been that Turkey should concentrate on agrindustries rather than manufacturing since it has comparative advantage in this sector," says Mr Kubali.

"Developments have shown that I am right. Yasar Holding averted the crisis which hit other companies very hard because most of our raw materials are local, not imported. We intend to concentrate mainly on agriculture because we believe that the future lies there."

M. M.

Around 70 per cent of the planet's hazelnuts are produced in Turkey.

World's largest producer

TURKEY IS almost by itself the "Opec of hazelnuts." It is—and has been for centuries—the biggest hazelnut producer in the world: its production is about 70 per cent of world output; the area devoted to hazelnuts is 77 per cent of of hazelnuts traded internationally originate from Turkey.

Between 1978 and 1982 hazelnuts, together with cotton, were among Turkey's largest foreign exchange earners. Earnings in 1981 totalled $302m and in 1982 they were $241m. Production from plantations mainly along the Black Sea coast fluctuates widely according to weather conditions. But there is always overproduction and Turkey almost always produces more hazelnuts than the world can consume. This creates problems as the hazelnut business is mainly export oriented: some 85 per cent of the output is exported every year, mainly as raw material for the chocolate industry. EEC countries purchase 70 per cent of the crop followed by the Soviet Union, the U.S. and Japan.

Fixed

Although chocolate manufacturers are the principal consumers of hazelnuts they do not buy the crop directly. They buy through dealers in Europe. Most of these are Jewish, Greek or Armenian, descendants of minorities which lived in Turkey. The principal dealers are established in Germany (mainly Hamburg) and Switzerland.

Hazelnut prices are fixed by the Government and Fiskobirlik, a semi-official agency, traditionally buys about half of the crop each year. In 1980, however, Fiskobirlik's market share declined to 40 per cent because large profit margins resulting from the devaluations of the Turkish lira attracted many private buyers into tho market.

The following year prices fell and Fiskobirlik's share went up to about 63 per cent. Fiskobirlik is by the same token the largest exporter of hazelnuts: during 1976-81 it undertook about 60 per cent of exports.

In manufacturing Fiskobirlik and Sagra are the leading firms, but new companies are entering this sector, attracted by profit margins.

M. M.

The recurring dam dream

THE ATATURK dam, for years the recurring dream of the Turkish nation, could remain just that—at least in the foreseeable future. But to suggest as much is viewed by the project's planners as tantamount to treason.

The scale of the scheme is awe-inspiring. A 180m high wall containing 85m cu m of materials is intended to create a lake of 817 km square, itself holding back 48.5bn cu m of the Euphrates.

The dam's function will be to generate 8.1bn kw of energy while irrigating the arid south-east so dramatically as to cause a reverse migration of population. Crop yields of cotton, rice, sugar beet and vegetable oil will double the current Turkish production. About $5bn of surplus food will be produced making the country the bread basket of the Middle East.

At least, that is the plan.

The problems are almost as awe-inspiring as the project. First, the Iraqis and Syrians, who depend so heavily on tho Euphrates for their food, are less than enthusiastic about the scheme.

Diplomatic exchanges continue—along with suggestions of shared interests in irrigation schemes. But the wrangle between the countries has already proved sufficient to dampen dramatically the interest of tho World Bank.

Finance consequently remains the second major bug-bear. Estimates for the project range from $3bn to $4.5bn—neither modest figures. And though the Government argues that at least $1½bn will be raised at home, the balance proves the problem.

Several schemes have been suggested. A $500m bond issuo to Turkish workers abroad is still seriously mooted with a further $1bn raised through the Euromarkets. Other thoughts range from a flat increase in electricity prices to a percentage tax on football pools.

Whatever the solution, ministers, energy corporation officials, and—most vigorously of all—Turkish building contractors, all insist that the dam will go ahead.

They are less specific on when. Earlier this month, prequalification requirements (not the first) went out for the construction programme. Several companies have wisely spotted the value of tendering jointly with high-technology Western groups. A Swiss consortium is said to have tied up the electro-mechanical aspects.

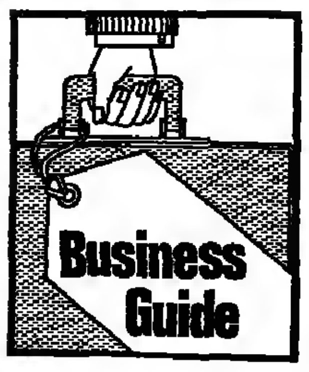
Nevertheless, repeated claims that major works will begin "within a year" to meet a 1991 completion date are treated with scepticism oven by the dam's most vocal loyalists.

But, as Mr Yildirim Akturk, the under secretary at the State Planning Office, says: "We don't want to start for the sake of saying we have started. First we want to tie up the loose ends."

Few would deny that a lot of problems will have to be unravelled first.

Ivo Dawnay

TURKEY XVI



Travel

Flights. Flights in and out of Turkey can be heavily booked. Those inside the country are frequent, but you can lose your seat if you arrive less than 20 minutes before departure time.

Train. The sleeper between Ankara and Istanbul may only hint at the opulence of the Orient Express but makes a pleasant change.

Taxis. The problem of dealing with taxis without meters or any other guidance as to fares is slowly disappearing. At airports the municipality has set up counters where passengers can obtain tickets to their destination.

Ankara cabs now have meters and Istanbul ones will have to install them in the course of this year. The fare for the shortest distance in Istanbul is 300 lira. The main hotels have fare lists and so should taxis serving these hotels.

Telephone and telex

Direct dialling abroad is available from most main Istanbul hotel rooms and Ankara hotel switchboards. Sometimes it is necessary to go through the international exchange which causes average delays of 30-60 minutes. Telex lines are usually good, but may break down for up to 24 hours. New telephones and telexes may take months to install. Communications are better in the morning and late in the evening. Most main Ankara hotel rooms do not even have dialling facilities for local calls.

Ankara

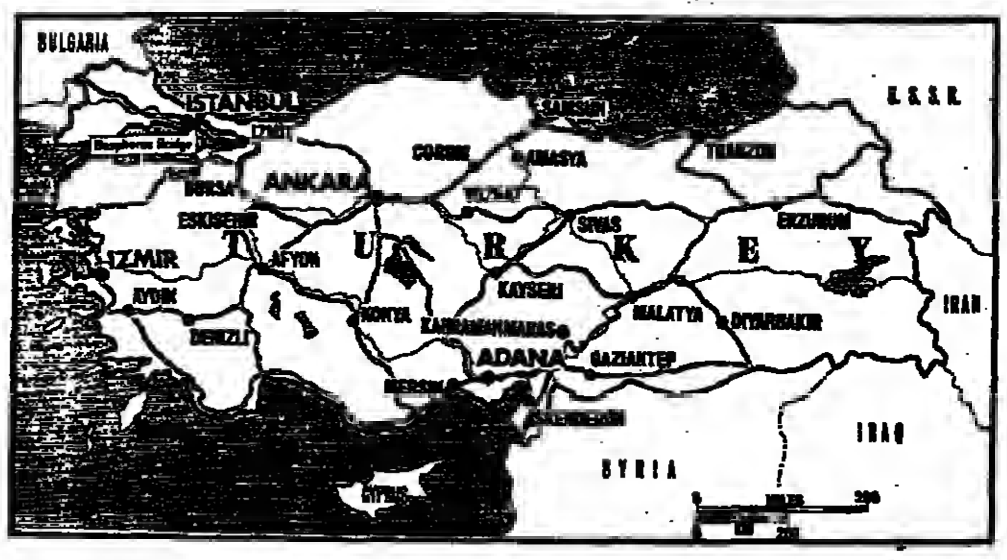
Hotels: The Grand Ankara Hotel (telephone 171106, telex 42398) remains the best hotel in the city—and a useful place to meet other businessmen. Other centrally placed and clean hotels include: Dedeman (171100, 42408), Mola (183140), 42294) and Tunali (278100, 42142); but eat out.

Restaurants: The Kristal (telephone 171260) is probably the best restaurant in town, offering Turkish and European food. Prices are relatively cheap, with a meal and wine for two costing around £16. Ataturk Orman Ciftligi Lokantasi (233230) has excellent Turkish cuisine 20 pleasant minutes drive from town at Ataturk's farm.

Surprisingly, fish is to be recommended in Ankara. Other restaurants for business lunches or dinners are the RV (270365), Kral Ciftligi (275087), Yakamoz (183586—also offering violins), Liman (302725) and Rihtim (272432).

Business contacts: The Ankara Chamber of Commerce (head Mr Turgut Ilhan telephone 243263) can be helpful. Ministers and civil servants are relatively accessible as, in particular, is the Foreign Capital Department of the Prime Ministry, head Mr Husnu Dogan (298421). Mr Zekeriya Yildirim (124949) is head of the foreign exchange department of the Central Bank. The major countries have useful commercial attaches. The EEC office head is Mr Gwyn Morgan (276145/6).

Pastimes: Ankara is neither interesting nor attractive, but the Museum of Anatolian Civilisations is a must. The mausoleum where Ataturk, founder of modern Turkey, is buried is worth seeing to gauge the feelings be arouses.



Istanbul

Hotels: The number of tourists to Istanbul have been increasing steadily since 1980 and it is advisable to book hotel rooms well in advance.

There are three good centrally located hotels; the Hilton (telephone 467050, telex 22379), Marmara Etap (448850, 24137) and Sheraton (489000, 23729). Businessmen can arrange discounts through their companies. The Divan (464030) is also good and claims, with a little hyperbole, to cook the best Turkish food in the world. Those with time on their side will enjoy staying up the Bosphorus: Grand Tarabya (621000, 26203) and Yenikoy Carlton (621020, 26260).

Smaller hotels include the Etap and Pera Palas (452230, 24152) where Agatha Christie and Kim Philby stayed.

Restaurants: Istanbul offers a large number of excellent restaurants. The city is famous for its fish. Newcomers are advised to consult friends (or waiters) as to which fish is in season.

In town good food is to be had at Pandelis (225534), lunch only), Liman (441033) and Borsa (224173), which is not frequented by foreigners but is one of the last bastions of Ottoman food.

Best is to go up the Bosphorus to places such as Yeni Bebek (633447), Surreya Bebek (635576) or Facyo in Tarahya (620898).

Pastimes: Istanbul, astride two continents, and seat of the Byzantine and Ottoman empires, is one of the world's eternal cities. The Blue Mosque, Topkapi Palace, Santa Sophia Church, Kariye Mosque and Dolmabahce Palace are among the better known of the dozens of historic places of interest and museums. A taxi ride across the Bosphorous Bridge is recommended, particularly memorable is a leisurely boat trip up the Bosphorous or to the lovely Princes' Islands where Trotsky once lived. The covered market in old Istanbul is well worth a visit. Mr Ilter Koral of the Turko-British Chamber of Commerce (490658) can help while Mr Norman Covey (451793) formerly of the Chamber and Financial Times can also assist.

D.T./M.M.

Travellers' tales—Turkish style

"BUT THEN," said the ambassador's wife, preparing triumphantly for her conclusion, "after the hotel told us there was no hot water, I flushed the loo and the room filled with steam as boiling water came gushing out."

Such is the stuff that diplomatic drinks parties are made of; and Turkish travellers' tales —both humorous and hair-raising—can stand their ground with any.

As often as not, they begin at Istanbul airport—a monument to good intentions yet to be realised. Yesilkoy, or Green Village as it is somewhat improbably known, represents in microcosm all that is wrong with Turkey's tourism industry.

At first the prospect is pleasing. The plane taxis to the north towards glittering steel and concrete terminal building, shimmering in the heat haze. It is coralled by bulldozers of course, but, flying from Heathrow, who can complain at that.

Alas, the mirage fades. Instead of stopping, the plane continues guiltily round the corner, halting in front of a drab barracks. Sure enough, even before the safety belt warning light goes out, the plane is surrounded by heavily armed soldiers—there, one can only assume, to stop disillusioned tourists hijacking it for a quick getaway.

Clearly sailing to Byzantium is a more attractive option than flying there.

By any other countries' standards, Turkish tourism is a disaster—a point that many of its very few visitors exploit with delight.

There is a serious scarcity of suntan oil, dirty postcards and funny hats. And though the Greeks, Romans and Ottomans appear to have made themselves comfortable, MacDonalds haven't even a toehold—alarmed it is rumoured, by the quality of the local meat.

Ostensibly, Turkey's failure at tourism is inexplicable. One Turk told me that while its Greek archaeological sites — numbering more than 50,000 — are a richer and more plentiful legacy than those of Greece itself, there are less serviceable bedrooms than can be found on the island of Rhodes alone.

Other ignored delights include: Mount Ararat, visited only by Noah's Ark; Tarsus, which remains as unloved as when St Paul turned back; and the celebrated cities of Cappadocia, which the anti-social citizenry built underground.

* * *

Mr Ercihan Duzgunoglu, deputy under-secretary at the Ministry of Culture and Tourism, is weary of telling the story to journalists.

Yes, he acknowledges, the cultural wealth of the country is undeniable. No, there will be no local objections to bare breasts on Turkish beaches. (He was least convincing on this.) And, yes, the tourist industry would come right in the end.

All kinds of investment projects are under way. A new airport has been opened at Dalaman on the west coast. And soon there will be enough hotels to accommodate the anticipated flood of passengers.

The Sheraton group is interested in managing hotels on a number of sites. Developments in the Fethiye-Marmaris region are well advanced and infrastructure in South Antalya, Koycegiz and Side has been completed.

There is even a plan, fanciful even by Turkish standards, to attract Western tourists on their way back home from the southern Soviet Union—presuming of course that they will be allowed in numbers to travel round the Black Sea.

At last, Mr Duzgunoglu's enthusiasm was welling. But the facts—stoneyfaced and daunting —tell the story.

In 1980, tourist nights—the measure of the industry—in Spain touched 62m, in Greece 29m and even in humble Yugoslavia 20m. In Turkey, they were 1.1m and the proportions have changed little since.

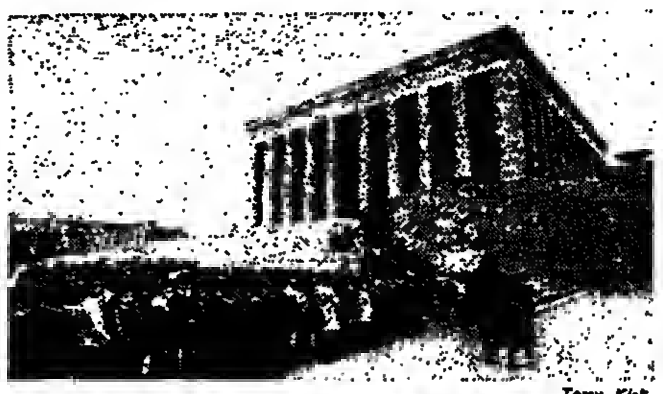
* * *

Of course all this will inevitably change. The Tourism Ministry is trebling its public relations budget (it is not hard to imagine the posters: "Turn to Tarsus . . ." "Horse around in Troy. . ." "Cappadocians do it Underground").

This year alone the budget for tourism has increased by over $1m to $56.8m. Hotel beds are set to almost double to 100,000 under the current five-year plan. So too, presumably will the number of visitors.

But for this year's tourist, sipping his Raki on the glittering undiscovered banks of the Bosphorous, it is difficult not to toast a country which ensures that the neighbouring tables are speaking in a language he can't hope to understand.

Ivo Dawnay



Terry Kirk

Children queue up to visit Ataturk's Mausoleum.

Film makers under pressure

TWO OF the films to be shown at Cannes and other film festivals this year are set in Turkey. But neither Peter Ustinov's version of Yasar Kemal's famous novel, Mehmet My Hawk, nor Yilmaz Guney's Duvar (The Wall) could be made there.

The Yugoslav Authorities showed more initiative than an embarrassed Turkish Government in providing studio and location facilities for Mehmet My Hawk. Yasa Kemal is fresh from what could have been a nasty brush with the martial law authorities over his activities within the Turkish Writers' Association, and the authorities were reluctant to endorse his work. Now he has to travel abroad to see his words turned into moving pictures.

The case of Yilmaz Guney needs less introduction. Ever since his Yol (The Way) shared the Golden Palm award at Cannes last year, cinema buffs, throughout Europe and the U.S. have become familiar with the story of how he directed the film from prison, how he subsequently escaped, and how he has now been deprived of his citizenship for not returning to his country.

A month ago the Turkish Government, which considers Mr Guney a common murderer after his conviction for killing a judge finally banned the showing of his films and the publication of virtually anything referring to him.

Mr Guney's searing portrayals of conditions in Eastern Turkey have led to the laying of a series of political charges against him.

Thus, as the filming of Duvar was coming to an end in France, picture postcards depicting Guney were being quietly removed from outside newsagents in Istanbul and Ankara.

But Guney will not be forgotten easily in his own country, where, along with colleagues and collaborators such as Zeki Okten and Serif Goren, he has helped develop the professional quality of Turkish movie making, while adding his own concern for social realism.

Cinema is still the main form of popular entertainment in Turkey, rivalled only by the single-channel and often leaden television network. A trip to the cinema has long been the most affordable evening out for the average citizen.

Local films were given a cinema tax advantage in 1950 and before long Turkey was producing the fourth largest number of films in the world. This has been achieved partly by using the offcuts of a single production to make several versions of the same poor-boy-meet-rich-girl scenario.

Exports to the Middle East have flourished today.

The number of quality films is still small, and Turks are often faced with a choice between good but slightly out-of-date Western movies and the traditional melodramatic scenes of which one tourist guide once commented: "Try not to laugh too loudly. Remember some people take these stories more seriously than you." Nor is it very long since the cinema-goer had to be prepared to see extraneous pornography spliced into the average film.

Censorship

The industry has to overcome two major problems—censorship and lack of finance. It is not only Yilmaz Guney who has had problems with the censors which began to crack down in the mid-1960s. To be an artist or an intellectual in Turkey is to risk being considered a radical.

When Erdef Kiral chose a schoolteacher's experience in a Kurdish village as the subject of his "A Season in Hakkari," he must have been aware that it might never be shown in Turkey even though it was the second most successful movie at the Berlin Film Festival earlier this year.

Such examples can be multiplied. For instance only some 70 minutes of Sinar Catin's powerful film about a dispute between rival trades unions at a private coal-mine passed the censors—and then only after two years.

The finance problem is a more common tale. Private business is prepared to back popular and cheap productions, but most of the quality films produced have been the result of enormous individual efforts by directors. While some, for obvious reasons, are sceptical, others would like to see the state pay more attention to the film industry. Legislation on the cinema is awaited with both hope and trepidation. "If they had given us one-third of the incentives they have given to chickens farmers," said one producer, "we would have easily repaid it in exports."

Bernard Kennedy